



Daily Report

China

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General

Li Peng Addresses Conference on Education

OW0103141293 Beijing XINHUA Domestic Service in Chinese 0418 GMT 1 Mar 93

["Speech" by Li Peng at the opening ceremony of a national conference on education on 1 March 1993]

[Text] Beijing, 1 Mar (XINHUA)—Esteemed Director General Mayor, Esteemed Executive Director Grant, Ladies, Gentlemen, Comrades:

To summarize and map out arrangements for the work of popularizing elementary education and wiping out illiteracy in China, the Chinese Government has decided to convene the current national conference in conjunction with the "International Conference on Education for All" to be held this coming September. On behalf of the Chinese Government and in the name of myself, I extend a warm welcome to Director General Mayor, Executive Director Grant, and friends from various countries, who are here to attend the conference and visit and study various parts of the country.

The development of education is of fundamental importance for national prosperity, human civilization, and social advance. Basic education is the cornerstone of the entire education. The Chinese Government has always attached much importance to developing education. The 14th CPC National Congress convened recently once again emphasized the need to put education in a strategic position for priority development, and set forth the objectives, principles, and policies for China's educational reform and development for the period up to the year 2000, reiterating the necessity to energetically strengthen basic education and pointing out that "scientific and technological progress, economic prosperity, and social advance are all basically dependent on raising the quality of workers and training a large number of talented personnel." Through the common efforts of governments at various levels and all nongovernmental sectors, China has achieved major progress in popularizing elementary education and in wiping out illiteracy, developing and raising the quality of education of all types at all levels over the past four decades since the founding of the country, especially in the 14 years since the introduction of reform and opening up. The country has expanded vocational and technical education, made unprecedented progress in developing adult education and on-the-job training, established a system of higher education with relatively complete subjects at different levels, and trained a large number of qualified personnel.

As the most populous nation in the world, China is deeply aware of the heavy responsibilities and grave challenges in promoting the goal of education for everyone in the world.

The final eight years of the 1990's are the crucial period for realizing the strategic goal of China's economic and

social development, as well as a decisive stage for accomplishing the tasks of popularizing nine-year compulsory education and eliminating illiteracy. We should continue to implement and constantly improve the system of holding local governments at various levels responsible for the management of basic education; the educational investment system of relying mainly on state appropriations while raising funds through nongovernmental sectors; and the system of supervising and guiding education at different levels. We should continue to make overall arrangements for integrating the development of education with the development of the rural economy and the promotion of science and technology research results in rural governments at all levels, especially the county and township levels. We should also integrate basic education with vocational education and adult education, making overall arrangements for promoting each and achieving common progress.

As 80 percent of the Chinese population live in rural areas, the key areas and difficulties in popularizing nine-year compulsory education and wiping out illiteracy also lie in rural areas. As the Chinese countryside covers a vast area with uneven development, we should draw up different plans and provide different guidance for various regions. Nine-year compulsory education should be popularized in the economically better-off regions as soon as possible, while both central and local authorities should adopt preferential policies and measures to help the relatively impoverished, remote, frontier regions to strive to basically accomplish the goal of popularizing elementary education and wiping out illiteracy among young and middle-aged people by the turn of this century.

The hope for revitalizing the nation lies in education; and the hope for invigorating education lies in teachers. To bring up a competent contingent of teachers qualitatively and quantitatively is a major strategic task facing governments at all levels. We should continue to pay keen attention to normal education and teachers' training bases run by both central and local governments at various levels. We should adopt effective measures to raise teachers' remuneration and status, and to foster a sound atmosphere of respecting teachers and attaching importance to education in society so that "teaching" can truly become an admirable profession!

In promoting the undertaking of education, we should continue to adhere to the principle of reform and opening up, draw on and study all useful experiences in the world, and strive to win all possible support. China's successful cooperation with the United Nations Educational, Scientific, and Cultural Organization, the United Nations Children's Fund, the United Nations Development Program, the World Bank, and other international organizations, as well as foreign countries in the past 10 years or more, has produced fruitful results in promoting education in China. On behalf of the Chinese Government, I hereby express heartfelt gratitude, and sincerely hope that such exchange and cooperation will grow and strengthen with each passing day.

Esteemed ladies, gentlemen, and comrades:

To realize the magnificent goal of education for all is a great undertaking that requires the effort of the current generation but can also benefit many future generations. While accelerating reform, opening up, and modernization construction, the Chinese Government and people will seize the current favorable opportunity, actively develop education, undertake international responsibilities and duties commensurate with China's development level, and are willing to work together with all countries in the world, especially the developing countries, in making positive contributions to realize the goal of education for all in the world.

Thank you all.

Meets UN Officials

OW0103212893 Beijing XINHUA Domestic Service in Chinese 0831 GMT 1 Mar 93

[By RENMIN RIBAO reporter Bi Quanzhong (3968 0356 1813) and XINHUA reporters Sun Benyao (1327 2609 1031) and Yin Hongzhu (1438 7703 4376)]

[Excerpts] Beijing, 1 Mar (XINHUA)—State Council Premier Li Peng, said today at the opening ceremony for a national conference on Education For All [EFA] that the development of education is of fundamental importance for national prosperity, human civilization, and social advances, and that the Chinese Government and people will seize current favorable opportunities, actively develop education, and undertake international responsibilities and duties commensurate with China's development level, and are willing to work together with other countries in the world, especially the developing countries, in making positive contributions to realize the EFA goal in the world.

The Chinese Government decided to convene the conference in order to summarize and map out arrangements for the work of popularizing elementary education and wiping out illiteracy in China, and in conjunction with the "International Conference on Education for All" to be held in September. The main purposes of the conference are: To summarize and review the theory and practice of China's basic education and anti-illiteracy campaign; to study and appraise China's strategies and measures to realize the goals in "the two basics and two comprehensiveness [liang ji liang quan 0357 1015 0357 0357]" before the turn of this century; and to strengthen and expand China's educational exchange and cooperation with various countries and friendly international organizations in the world.

Premier Li Peng delivered a message at the conference opening (full text of the message transmitted separately). [passage omitted]

In his speech at the conference, Executive Director Grant of the United Nations Children's Fund [UNICEF] highly evaluated China's achievements in education and

praised the Chinese Government for giving education high priority in its development strategy. He explained various UNICEF-sponsored projects to help China develop its basic education, including those for raising the quality of elementary schools, preparing children for elementary education, and helping children in need of special education in the economically backward, remote, and ethnic minority regions.

Speaking at the conference, Director General Mayor of the United Nations Educational, Scientific, and Cultural Organization [UNESCO] reviewed measures taken and progress achieved by China and a few other populous countries in realizing the EFA program since it was adopted in 1990. He said: UNESCO has set great store by actions taken by these populous countries and will give them its entire support. He added: EFA is a pressing task with great significance, and it is a goal that can be reached only through arduous efforts. As a matter of fact, the drop in the illiteracy rate worldwide can be largely attributed to China's brilliant anti-illiteracy campaign. He said: The Chinese Government's determination to realize EFA has instilled hope in all those people taking part in this major historic campaign.

Li Tieying, member of the Political Bureau of the CPC Central Committee, state councillor, and minister in charge of the State Education Commission, presided over the conference. Liu Bin and Wang Mingda, vice ministers in charge of the State Education Commission, delivered reports respectively on "The Current State and Development Strategy of China's Basic Education" and "The Achievements and Prospects of China's Anti-Illiteracy Campaign."

Prior to the conference, Premier Li Peng had a cordial meeting and friendly chat with UNESCO Director General Mayor, UNICEF Executive Director Grant, Brazilian Education Minister Hingel, Pakistani Education Minister F. Imam, Indian Deputy Minister of Human Resource Development Mali Sailaner [name as received], Nigerian Minister of Education and Youth Development Fafunwa, and other foreign visitors attending the conference. They all emphasized the importance of EFA. The Chinese premier also briefed the visitors about the development of education in China and urged them to offer suggestions while inspecting educational work in various parts of the country.

Yang Shangkun Accepts Ambassadors' Credentials

OW0103103293 Tokyo KYODO in English 1006 GMT 1 Mar 93

[Text] Beijing, March 1 KYODO—China's President Yang Shangkun reemerged in Beijing Monday after spending more than a month out of the political limelight in southern China's Guangdong Province.

Yang presided over a morning ceremony in the Great Hall of the People to formally accept the diplomatic

credentials of three new ambassadors including Japanese Envoy Michihiko Kunihiro, embassy staff said.

Kunihiro took up the post late last year but Yang was obliged to postpone the traditional welcoming ceremony after entering hospital in early January and later because of his trip south.

Yang's prolonged absence from Beijing, which received scant attention in the official media, fueled speculation that the 86-year-old Army strongman is currently on bad terms with China's paramount leader Deng Xiaoping.

Yang lost all his senior military posts at last October's 14th Communist Party Congress and is expected to step down as president after next month's full parliament session because of his age.

Receives More Credentials

OW0203052493 Beijing XINHUA in English 0410
GMT 2 Mar 93

[Text] Beijing, March 2 (XINHUA)—Three new ambassadors to China presented credentials to Chinese President Yang Shangkun at the Great Hall of the People here today.

The three new ambassadors are India's Chandrashekhar Dasgupta, Peru's Gabriel Garcia Pike and Myanmar's [Burma's] U Set.

They arrived in Beijing, respectively, on January 8, January 17 and February 21.

Appoints, Removes Ambassadors

OW0203095293 Beijing XINHUA Domestic Service in Chinese 0439 GMT 2 Mar 93

[Text] Beijing, 2 Mar (XINHUA)—In accordance with a decision made by the National People's Congress [NPC] Standing Committee, President Yang Shangkun has appointed and removed the following ambassadors:

1. Removing Zhang Qing from the office of PRC ambassador extraordinary plenipotentiary to the Republic of Singapore.

Appointing Yang Wenchang as PRC ambassador extraordinary plenipotentiary to the Republic of Singapore.

2. Removing Shi Chengxun from the office of PRC ambassador extraordinary plenipotentiary to the Republic of Botswana.

Appointing Wang Yihao [3769 5030 3185] as PRC extraordinary plenipotentiary to the Republic of Botswana.

3. Removing Zhang Delin from the office of PRC ambassador extraordinary plenipotentiary to Mongolia.

Appointing Pei Jiayi [5952 1367 5030] as PRC ambassador extraordinary plenipotentiary to Mongolia.

4. Removing Wu Minglian from the office of PRC ambassador extraordinary plenipotentiary to the Republic of Kenya.

Appointing Chen Pingchu [7115 1627 0443] as PRC ambassador extraordinary plenipotentiary to the Republic of Kenya.

5. Removing Xie Rumao from the office of PRC ambassador extraordinary plenipotentiary to the Republic of Bolivia.

Appointing Tang Mingxin [3282 6900 2450] as PRC ambassador extraordinary plenipotentiary to the Republic of Bolivia.

6. Removing Qiao Zonghuai from the office of concurrent PRC ambassador extraordinary plenipotentiary to the Republic of Estonia.

Appointing Sun Dadong [1327 1129 2767] as PRC ambassador extraordinary plenipotentiary to the Republic of Estonia.

7. Removing Li Qiping from the office of concurrent ambassador extraordinary plenipotentiary to the Republic of the Marshall Islands.

Appointing Zhou Jinming [0719 6930 2494] as PRC ambassador extraordinary plenipotentiary to the Republic of the Marshall Islands.

8. Removing Wan Yongxiang from the office of PRC ambassador extraordinary plenipotentiary to the Federal Republic of Czechoslovakia.

9. Appointing Qi Guofu [7871 0948 6534] as PRC ambassador extraordinary plenipotentiary to the Czech Republic.

10. Appointing Tang Zhanqing [0781 3277 3237] (female) as PRC ambassador extraordinary plenipotentiary to the Republic of Slovakia.

11. Appointing Xia Shuyuan [1115 2885 0337] as PRC ambassador extraordinary plenipotentiary to the Republic of Azerbaijan.

12. Appointing Wang Fengxiang as PRC ambassador extraordinary plenipotentiary to the Republic of Georgia.

13. Appointing Zhao Xidi as PRC ambassador extraordinary plenipotentiary to the Republic of Armenia.

14. Appointing Xie Xiqin as PRC ambassador extraordinary plenipotentiary to the Republic of Croatia.

15. Appointing Lu Peixin as PRC ambassador extraordinary plenipotentiary to the Republic of Slovenia.

Cambodia's Sihanouk Abandons Reconciliation Plan

OW0203110393 Beijing XINHUA in English 1026
GMT 2 Mar 93

[Text] Phnom Penh, March 2 (XINHUA)—The president of the Supreme National Council of Cambodia, Samdech Norodom Sihanouk, announced today that he has given up a peace plan he proposed recently to hold an "intra-Cambodian summit" and set up a transitional government of national reconciliation.

He made the announcement after a meeting with ambassadors from China, the United States, Britain, France and Russia. Then he left for Beijing, China.

Sihanouk strongly warned against possible chaos in the wake of the UN-supervised general elections to be held in May in Cambodia.

He also sharply criticized some Western countries for ignoring the reality of Cambodia and subjecting the country to the danger of another civil war and a new wave of bloodshed.

"I declare that those who criticized the plan, which is dead now, should assume full responsibility for history, the nation and the entire Khmer people as well as for the very grave developments that might take place in Cambodia after the May general elections," he said.

His three-point peace plan, made last month, included an invitation to all factions of Cambodia, including the Khmer Rouge, to attend a meeting to find a way towards peace and reconciliation for war-torn Cambodia.

Some Western countries have criticized the plan, saying that it is wrong to invite "arch-criminal" Khmer Rouge to talks as an equal partner and thereby put the newly-fostered democracy in jeopardy.

"It is very easy for me to refute these arguments totally ... but I am not going to do it here, because we don't lack intellectually honest and well-informed Cambodian patriots who will do it for me," Sihanouk said.

Sihanouk also warned "foreigners and Cambodians" against thinking of extending United Nations supervision after the UN Transitional Authority in Cambodia ends its mission in April.

"After the day of April 25, 1993, Cambodia should cease to be a protectorate of the United Nations...but resume its full sovereignty, which means that all foreign intervention in the interior affairs of Cambodia will become unacceptable and inadmissible, and that Khmer affairs should be solved by the Khmers themselves and themselves alone," he said.

Sihanouk also said that he does not oppose the May general elections and will respect their outcome. The Khmer Rouge has rejected the UN election plan.

In his peace plan, Sihanouk also called for preparations to hold a "new election" which should cover the territory now held by the Khmer Rouge, as a measure to avoid "the partition of Cambodia." The Khmer Rouge controls about 20 percent of Cambodia's territory.

"The new parliament (should be) the real parliament of the people and the entire Cambodia nation," he said in his peace plan.

He also stressed that no foreigners disguised as Cambodians should be allowed to participate in the May general elections. The Khmer Rouge has asserted that tens of thousands of Vietnamese soldiers, disguised as Cambodian civilians, are still around.

U.S. 'Plans To Establish' Asian Security Body

OW0103051893 Beijing XINHUA in English 0506
GMT 1 Mar 93

[Text] Tokyo, March 1 (XINHUA)—The United States plans to establish a multinational system for peace and stability in Asia within five years, a move that signals a major policy shift, the YOMIURI SHIMBUN reported today.

Quoting international military sources, the mass-circulated Japanese daily said Winston Lord, assistant secretary of state for East Asian and Pacific affairs, will likely disclose the plan to set up an Asian version of the Conference on Security and Cooperation in Europe (CSCE) at a working-level meeting of the Association of Southeast Asian Nations in Singapore in May.

Details will also be relayed to Japan and other countries concerned, the newspaper said.

The plan means that Washington is ready to drop its policy of seeking the sole lead in Asian security, it said.

The United States has sought the sole initiative in maintaining security in the region on the basis of bilateral security accords signed with individual Asian allies.

The United States, which maintains a heavy military presence in Asia, has previously been unwilling to form an international system similar to the CSCE, the daily said.

It said the possible major change in Washington's Asian security shows that Washington is well aware now it can no longer serve as the sole global watchdog and must cooperate with other countries in the aspect.

UN Envoy Answers 'Allegations' on Human Rights

OW0203024593 Beijing XINHUA in English 2325
GMT 1 Mar 93

[Text] Geneva, March 1 (XINHUA)—A Chinese representative today cleared up the "distortions and unfounded allegations" against China in the fields of human rights.

Addressing the 49th session of the U.N. Commission on Human Rights, Ambassador Jin Yongjian to the U.N. in Geneva, made a brief introduction on his country's attitude towards human rights and the true situation in China.

Since the founding of the People's Republic of China in 1949, human rights and fundamental freedoms of the Chinese people have been fully guaranteed, Jin said.

"The Chinese people of all nationalities have never so extensively and fully enjoyed their human rights as they do now," he affirmed.

He emphasized the three salient characteristics of the human rights in China—extensiveness, equality and authenticity.

By extensiveness, he indicated that the entire Chinese citizenry enjoy not only civil and political rights, but also cultural and social rights, while individual and collective rights safeguarded by the government.

Secondly, the state guarantees the enjoyment of civil rights by all its citizens equally, irrespective of their financial status, nationality, religion, level of education, race or sex.

Thirdly, he noted, "the state provides guarantees in terms of system, laws and material means for realization of human rights."

"As for the people of minority nationalities, in addition to all the civil rights prescribed by the Constitution and law, they also enjoy some special rights according to law, for instance, the right of regional national autonomy," he stressed.

However, he pointed out, "no organization nor individual have the privilege of being above the Constitution and law."

While protecting the freedom of religious belief, no one is allowed to make use of religion to engage in activities that impair the health of other citizens, harm the unity of nationalities and split the country.

"A small number of people have been punished according to Chinese laws because of their criminal activities in the name of religion," Ambassador Jin said.

But some outside people have described such punishments as "restricting the freedom of religious belief." This certainly is "confusing the right with wrong," Jin stressed.

Human rights should be realized mainly through the legislative, judicial and administrative measures of a state, he pointed out.

"In China, the Constitution provides for a wide range of rights including civil and political rights and other rights. In order to guarantee the full enjoyment of these rights, China has promulgated a series of laws and regulations," he said.

Jin noted that the Chinese law contains clear and strict provisions concerning the functions of security and administration of justice as well as judicial procedures which ensure that the citizens' legitimate rights won't be violated.

He stressed that China's judicial system is suited to its conditions, and any attempt to negate it is out of ulterior motives.

Meanwhile, he indicated that it has been falsely alleged that there exist consistent violations of human rights in China.

There has been political stability, social tranquility and economic development in China, witnessing a striking speed in economic development and a steady progress in political reform especially since early last year, he explained.

"The unprecedented good situation in our country has opened up a wider perspective for the Chinese people for the better enjoyment of human rights and fundamental freedoms."

He quoted Perez de Cuellar, the former U.N. secretary-general, as saying in Hong Kong last July that he did not think there had been enough evidence that could enable people to say that there existed a large number of manifestations of human rights violations in China.

"He also pointed out that since China had been successful in realizing the most fundamental human rights, that was, solving the problem of the people's food and shelter and the problem of subsistence, the human rights record of China had been far better than that of many other countries."

He also stressed, China holds that the issue of human rights instruments can only be put into effect through domestic legislative, judicial and administrative measures.

The assessment of human rights situation in a country should not be made in total disregard of its history and national conditions, Jin emphasized.

"Requiring all countries of the world to copy the standard and model of one country or a group of countries is neither desirable nor practicable."

No country or group of countries should arrogate to themselves the role of judge and jury over the other countries, he noted.

Human rights should not be used as instruments of political pressure against developing countries, he quoted the final document adopted at the Non-Aligned summit meeting in Jakarta last September.

Official Disputes Threat of 'Strong China'

OW0103192093 Beijing XINHUA in English 1725
GMT 1 Mar 93

[Text] New Delhi, March 1 (XINHUA)—President of the Chinese People's Institute of Foreign Affairs Liu Shuqing today refuted the recent argument in the West that a strong China will pose threat to other countries.

While giving a speech on China's reform and opening-up and foreign policy at India's Foreign Service Institute, Liu said that this utterly groundless rumor results either from a lack of understanding of China or from attempts to foment discord between China and other nations.

"We always adhere to an independent foreign policy of peace and develop friendly relations with all the countries of the world on basis of the Five Principles of Peaceful Coexistence," the former Chinese vice-foreign minister said.

Liu said that China will try its best to create the optimum international environment for its national economic construction and make its due contribution to world peace and development.

"Therefore, posing a threat to other countries is neither in keeping with Chinese traditions nor a policy of China, nor in the interests of China," he said.

United States & Canada

'Roundup' on U.S. Talks in Beijing on GATT

OW2702132193 Beijing XINHUA in English 1201
GMT 27 Feb 93

["Roundup": "Prospects for Restoration of China's Membership in GATT"]

[Text] Beijing, February 27 (XINHUA)—A U.S. trade negotiation delegation is scheduled to arrive in Beijing tomorrow for consultations with Chinese officials on the resumption of China's membership in the General Agreement on Tariffs and Trade (GATT).

The talks mark a formal restoration of bilateral consultations between China and the United States on the GATT question after a three-year suspension and are expected to make positive contribution to the process of China's re-entry into GATT.

At the 13th session of the GATT working party on China, scheduled to convene on March 15 in Geneva, the rights and obligations China must undertake after re-joining GATT will be discussed.

As to when China will be readmitted to GATT, even the country's economic and trade officials have no clear answer. But an optimistic estimate places China's readmission as occurring sometime this year.

Li Zhongzhou, deputy director-general of the International Trade and Economic Relations Department under

the Chinese Ministry of Foreign Economic Relations and Trade (MOFERT) and member of the Chinese delegation on GATT, said that he and his colleagues are full of confidence with respect to the resumption of China's GATT contracting party status.

China submitted its application for GATT membership in 1986 and obtained the status of full participant in the Uruguay Round of multilateral trade negotiations.

Since the 1986 submission, China has adopted a series of trade reforms to meet GATT's requirements. The reforms include the implementation of a responsibility system for profits and losses, the setting up of a foreign currencies regulation center, the administration of imports and exports through macro-control and the elimination of all export subsidies.

To promote greater transparency in trade policies, China has published 32 internal trade documents and abolished 122 regulations, Li said. In the future, all trade laws, regulations and administrative rules will be made public.

Meanwhile, China has implemented unilateral tariff reductions. The latest cut, which became effective on December 31 of last year, involves 3,371 tariff lines, and represents an average reduction of 7.3 percent in China's overall tariff level.

In 1992, China also eliminated all import regulatory duties, abolished an import substitution list and promised to cut import licensing requirements by two-thirds within three years.

Despite China's six-year-long effort to re-enter GATT, some major contracting parties, who view the negotiations as the last chance to affect China's foreign trade policies, had been hesitant to admit China before the end of the Uruguay round, the deputy director noted.

China hopes to resume its contracting status in GATT as early as possible, Li said. Yet, he added, China's readmission should be based on bringing new life to, not restrictions on, the development of China's economy.

'Editorial' on Prospects for PRC-U.S. Relations

HK0103123793 Hong Kong WEN WEI PO in Chinese
1 Mar 93 p 2

[Editorial: "Sino-U.S. Relations as Viewed From Economic and Trade Development"]

[Text] There have been new developments recently in Sino-U.S. economic and trade relations. Last Friday [26 February] the Chinese side announced that this year China will continue to dispatch large purchasing teams to the United States to buy commodities and equipment, including automobiles, according to China's needs and U.S. domestic prices. During a speech the same day, U.S. President Clinton pointed out that the U.S. market plays an important role in bringing about a high economic growth rate in China and that the United States will continue to maintain this trade partnership between the

United States and China. The United States also announced that it will send a trade delegation to China to discuss further development of the two countries' economic and trade relations.

Viewed either from bilateral relations or global strategy, strengthening Sino-U.S. economic and trade exchanges has major significance, because the present-day world has entered a post-cold-war era, and international relations are mainly determined by economic interests. This is different from the global pattern controlled by the superpowers during their confrontation in the cold war period.

A not-too-stable situation had appeared in Sino-U.S. relations in recent years, the main reason being that the U.S. ruling authorities adjusted their China policy after the Soviet disintegration and the drastic changes in East Europe. The process of this adjustment has not completely ended so far, but the beginning of the end can already be seen.

First, U.S. national security determines that it must consider the economy as the guiding factor in its China policy. At a NATO foreign ministerial conference last week, U.S. Secretary of State Christopher pointed out that the main goal of U.S. foreign policy is economic security. The United States is facing adjustments in its domestic economic situation and foreign economic relations. Under this precondition, the United States must maintain a good trade partnership with China, which is an important trade partner. China and the United States can be each other's trade partners because they serve as important markets for each other. According to U.S. statistics, China registered a favorable trade balance of \$18 billion with the United States last year, second only to Japan's favorable trade balance with the United States. China has become the main source of low-price consumer goods in the U.S. market. The United States is experiencing an economic depression now and its purchasing power has declined. If it does not renew China's most-favored-nation status, U.S. consumers will be hit first. In the meantime, China has provided many U.S. firms with opportunities other countries cannot provide. An open market with a purchasing power composed of almost 1.2 billion people is not a myth but a reality. Reports said that last year U.S. firms on the Chinese Mainland signed contracts worth \$30 billion, and this amount is expected to increase by a wide margin this year.

Many U.S. economists and China problem experts are of the opinion that China will become the country with the most powerful economic force in the world in the 21st century. Proceeding from this point, there is no need to discuss whether the United States should base its China policy on friendship or confrontation.

Second, economic and trade relations are beneficial to the long-term and steady development of Sino-U.S. relations. The normalization of Sino-U.S. relations started in the early 1970's. The main reason for this

normalization was the overbearing hegemonism of the Soviet Union at that time. Cooperation against Soviet expansion in the Asia-Pacific region was the main component of Sino-U.S. bilateral relations in the past 20 years. This was also a strategic relation. As the Soviet Union does not exist any more, the foundation for this strategic relation has also disappeared. Therefore some people in U.S. political and academic circles, thinking that the "China card" was of no value, proposed a hard-line policy toward China and used "human rights" as a tool to press China, thus causing a temporary clamor. But economic prosperity in China and most East Asian regions forms a striking contrast to Western economic depression in general. China's ever-increasing strength gives expression to its value in the international arena. People who advocated a hard-line attitude toward China could not prove that this was useful to the United States. On the contrary, the rapid development of Sino-U.S. economic and trade relations has enabled more and more Americans to understand that these relations serve as a substantial foundation for relations between the two countries. In the meantime, China does not evade the "human rights" issue any more. In light of its national conditions, China has explained its stance on this issue, and following the stabilization of its situation it has adopted a number of measures of relaxation, thus letting the entire world see China's economic prosperity and political stability. Clinton used high-blown words during the presidential campaign. This is a characteristic of Western politics. After he assumed office, he had to proceed from the actual situation in resolving U.S. economic problems. Several days ago he went to California to solicit public support for his economic program. During a speech he strongly criticized the EC for providing huge subsidies for the research and manufacture of the "Airbus." U.S. McDonnell Douglas passenger planes have been successfully assembled in Shanghai and sold back to the United States. There is no need to say whether Clinton will promote or hamper the effective cooperation between the Californian aircraft industry and China.

Viewing the above, the prospects for Sino-U.S. relations are optimistic, although there will be twists and turns in their development.

Southeast Asia & Pacific

Qian Qichen, Thai Foreign Minister Discuss Ties

OW2802094093 Beijing XINHUA in English 0926
GMT 28 Feb 93

[Text] Beijing, February 28 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen today exchanged views with visiting Thai Foreign Minister Prasong Sunsiri on bilateral relations and regional and international issues of common concern.

Official sources said that they shared similar views on the discussed issues during the two-hour talks held at the State Guesthouse here this morning.

The two ministers expressed satisfaction with the growth of Sino-Thai ties over the past few years.

Qian said there are broad prospects for bilateral economic and trade cooperation, citing the facts that China is accelerating its reform and opening to the outside world and modernization drive while Thailand is actively carrying out its economic development program.

The expansion of Sino-Thai cooperation will not only be beneficial to the economic growth of both countries, but also significant to regional stability and prosperity, he added.

Prasong Sunsiri said the Thailand-China relations are based on equality and sincerity, reflecting the common aspirations of the two peoples.

He said the present Thai Government attaches great importance to safeguarding and developing the relations between the two countries. No matter what happens in the world or in the respective countries, he said, the friendly ties will not be affected.

Qian said that the changes in the international situation provide the countries in the Asian and Pacific region with opportunities to enhance cooperation and development and raise their people's living standards.

Although there are problems to be solved, he said, the region features political stability and dynamic economies. All countries in the region should seize the opportunity to expand cooperation and speed up development, Qian said.

Noting the constructive role played by the ASEAN countries in safeguarding peace and stability in the region, Qian said that China will continue to reinforce cooperation with these countries in such areas as economy, science, technology and security.

Prasong Sunsiri said over the past few years tremendous changes have taken place in China, adding that the Chinese leaders have shown their extraordinary will and determination for maintaining the country's stability and prosperity. "Facts have proved that the road China is taking is correct," he added.

In an interview with Thai journalists after the talks, Qian touched on the Cambodia issue. He said that it would be a good thing if the Paris agreements are fully implemented. "But there are difficulties," he said, "at least a civil war must be prevented."

"We don't want to see a civil war in Cambodia and we want to see a genuine national reconciliation among all factions who settle their problems in accordance with the Paris agreements."

"We are neither in favor of rejecting any faction nor supporting any faction to fight a civil war," he said.

Thai Prime Minister Receives Visiting Delegation

*OW0203120893 Beijing XINHUA in English 1142
GMT 2 Mar 93*

[Text] Bangkok, March 2 (XINHUA)—Thai Prime Minister Chuan Leekpai received here today the visiting Chinese delegation led by Minister of Supervision Wei Jianxing.

During the meeting, Chuan said he is happy to meet the supervision delegation from China, hoping to learn some experience from China's supervision work.

Wei briefed Chuan on the work of his ministry in China, saying the delegation has learned a lot from the Thai side, especially the Countercorruption Commission which has done a good job in the past.

At the invitation of Thai Countercorruption Commission, the Chinese delegation arrived here on February 26 for a week-long visit.

Civil Affairs Delegation Visits Upper Burma

*OW0203141693 Beijing XINHUA in English 1338
GMT 2 Mar 93*

[Text] Yangon, March 2 (XINHUA)—A civil affairs delegation from China, led by Minister for Civil Affairs Cui Naifu, toured three upper Myanmar [Burma] cities and returned to Yangon [Rangoon] today.

The Chinese visitors left here yesterday and toured the well-known pagoda city of Bagan, Mandalay, the country's second largest city, and Taunggyi, capital of Shan State.

Since its arrival on February 26, the delegation has visited many social welfare facilities including a school for deaf-mutes, a home for the aged, a kindergarten and a training school for the young people, and some historical sites of interests.

Minister Cui Naifu called on Myanmar Minister for Social Welfare, Relief and Resettlement Thaung Myint and Minister for Mines Kyaw Min respectively.

The delegation is here to study Myanmar's social welfare and social security work at the invitation of Minister Thaung Myint.

Sub-Saharan Africa

Li Peng Meets Tanzanian Visitor in Beijing

*OW0103125993 Beijing XINHUA in English 1235
GMT 1 Mar 93*

[Text] Beijing, March 1 (XINHUA)—The Chinese Government has always attached importance to friendly relations and cooperation with the developing countries in Africa, Chinese Premier Li Peng said here today.

During a meeting with Tanzania's Deputy Prime Minister and Minister of Home Affairs, Augustine Lyatonga Mrema, Premier Li said that China sincerely hopes to work together effectively with the African nations not only in developing strong relations, but in promoting peace and economic progress.

Li described Sino-Tanzanian relations as "having stood the test of time". He expressed the hope that such relations would continue to grow through joint efforts on both sides.

During the meeting, Li also briefed the visitors on China's economic and political restructuring.

Mrema said he agreed with Li on the need to develop bilateral ties. The deputy prime minister said that Tanzania has also embarked on a reform program and hopes to study the path China has forged.

Mrema, leading a delegation of the Tanzanian Ministry of Home Affairs, arrived here on February 27.

Tao Siju, Chinese minister of public security, was present at today's meeting.

Sierra Leonean Secretary Meets Envoys in Beijing
AB2702193093 Freetown SLBS Radio in English 0700 GMT 27 Feb 93

[Text] Continuing his official visit to China, the foreign secretary, Dr. Mohamed Lamin Kamara, has briefed the Chinese vice minister of agriculture, Mr. Chen Yaobang, on the current situation in the country. Dr. Kamara identified areas of possible assistance from the Chinese Government, including agriculture, fisheries, and specialized manpower needs.

In another engagement, Dr. Kamara briefed heads of African diplomatic missions in Beijing on the recently concluded Organization of African Unity Council of Ministers meeting in Addis Ababa. He highlighted the main issues, which included the situation in southern Africa and the putting up of a mechanism to prevent and resolve conflicts in the continent.

The foreign secretary briefed the ambassadors on the current situation in Sierra Leone and informed the African diplomats about the National Provisional Ruling Council Government rehabilitation program for refugees, displaced persons, and the war's devastated areas.

Reception Marks 10th Anniversary of Ivorian Ties
OW0203085293 Beijing XINHUA in English 0810 GMT 2 Mar 93

[Text] Beijing, March 2 (XINHUA)—The Chinese People's Association for Friendship with Foreign Countries (CPAFFC) held a reception here today to mark the 10th anniversary of the establishment of the Sino-Cote d'Ivoire diplomatic relations.

Speaking at the reception, Han Xu, president of the CPAFFC, and Anet-N'zi Nanan Koliagbo, Cote d'Ivoire ambassador to China, both expressed their wishes that the friendship between the peoples of China and Cote d'Ivoire would be developed continuously.

Wang Guangying, vice-chairman of the Chinese People's Political Consultative Conference National Committee, and Yang Fuchang, Chinese vice-foreign minister, attended the reception.

West Europe

Beijing Seeks Improved Economic Ties With EC
OW2702132793 Beijing XINHUA in English 1100 GMT 27 Feb 93

[Text] Beijing, February 27 (XINHUA)—China made major achievements in economic and trade cooperation with the European Economic Community (EEC) last year, a senior trade official said here today.

China's trade volume with the EEC reached 17.41 billion U.S. dollars last year, a rise of 15 percent over the previous year's figure, newly released customs statistics show.

Tong Jiemin, deputy department director in charge of European affairs under the Ministry of Foreign Economic Relations and Trade, said that the EEC countries constitute a major market for China's foreign exports and a main source of foreign loans, investment and advanced technology.

In 1992, China's imports from the EEC amounted to 9.81 billion U.S. dollars, 2.2 billion U.S. dollars more than its exports to the area. The import growth rate is four percentage points higher than that of exports.

Germany, followed by Italy and France, took the lead among China's European trade partners with a total trade volume of 6.47 billion U.S. dollars, 37.2 percent of China's total with the EEC.

Britain is China's fourth-largest trade partner among the EEC countries.

Since 1979, when China began implementation of its open policy, the country has introduced products based on advanced technologies from EEC countries that totalled 15.6 billion U.S. dollars.

By the end of last year, the EEC countries had provided 9.34 billion U.S. dollars in government loans for 649 projects in China. The EEC invested in over 1,000 ventures in China, with a contracted value of about eight billion U.S. dollars.

Last year, China and members of the EEC signed a Sino-European ocean shipping memorandum and reached understandings on intellectual property protection and on market access to China. Tong said the members of the EEC largely restored financial cooperation with China.

The deputy director said he hopes that in the future, more EEC enterprises will invest in China's energy industry, communications, telecommunications and agriculture.

He also expected more cooperation between medium-sized and small enterprises in China and Europe.

French Entrepreneur Opposes Arms Sales to Taiwan

OW2702031193 Beijing XINHUA in English 0157 GMT 27 Feb 93

[Text] Paris, February 26 (XINHUA)—French enterprises are disappointed with the government's decision to sell weapons to Taiwan, a veteran entrepreneur told XINHUA here today.

"As an entrepreneur, I feel regret for this kind of decisions," said Jacques Mouchard, chairman of Rouen Union for Industry and Commerce in north France's Basse-Normandy region.

Mouchard said he understood China's position against the sale, and hoped France could rethink its own position in light of China's warnings.

China will become a huge market in the next century, he said, adding that it is a nation French enterprises can trust.

Rouen, the biggest port for wheat export, enjoys a friendship city relationship with Ningpo, Zhejiang Province, China. Its Union for Industry and Commerce has 19,000 enterprises.

Political & Social

'Mass Execution' Reportedly Held in Sichuan

HK0203091693 Hong Kong AFP in English 0900 GMT
2 Mar 93

[Excerpt] Beijing, March 2 (AFP)—A Chinese woman who murdered her lover's six-year-old son was executed along with 20 others in Chongqing in an effort to guarantee "political stability," an official newspaper said.

No indication of any political unrest was given, but order in the sprawling city, in Sichuan province, has deteriorated badly, with the incidence of theft, murder, rape, road banditry and explosions on the rise, the Chongqing Legal News [CHONGQING FAZHI BAO] said.

The mass execution took place February 23 after a sentencing rally attended by more than 4,000 officials and residents, the paper said. Sheng Tingjun, a private businesswoman, stabbed to death her lover's young son after the couple split up and was arrested after unsuccessfully trying to commit suicide. The 20 other convicts included rapists, "hooligans" and thieves, but details were not given.

Chongqing Vice Mayor Tang Qinglin told the mass meeting that the crackdown was an "important action to maintain our city's social order and guarantee its social and political stability," the paper said. Firm measures were also needed to handle any threat to economic reforms and entrepreneurs implementing them, Tang was quoted as saying. [passage omitted]

Released Shanghai Activist Remarks on Detention

HK0203073093 Hong Kong SOUTH CHINA
MORNING POST in English 2 Mar 93 p 10

[By Willy Wo-lap Lam]

[Text] Beijing has released veteran Shanghai dissident Fu Shenqi as a gesture of reconciliation to the nation's intellectuals.

Fu, 38, was last Friday given the penalty of "the deprivation of political rights for two years" for having committed "counter-revolutionary propaganda and incitement".

The same day he was allowed to leave the Shanghai No. 1 Detention Centre, where he had been held since May 1991.

Analysts said it was one of the lightest sentences ever given for the offence, which usually carries a prison term of at least five years.

An alleged accomplice of Fu, Zhang Rujun, who was arrested at the same time, was penalised with deprivation of human rights for a year.

Fu and Zhang, also 38, were detained by Shanghai police for publishing an "underground magazine" called REVIVAL.

Speaking in his Shanghai home yesterday, Fu said he might appeal against the sentence even though he was aware it was lenient.

"My release is a reflection of this country's desire to make China a more democratic, lively, and harmonious place," he said.

But he maintained that he had never committed "counterrevolutionary activities".

He said REVIVAL was not publicly circulated and was only sent to about 100 intellectuals interested in democracy.

"REVIVAL's goal was to propagate the ideal of a multi-party democracy and an economy with multifarious elements," Fu said.

"We undertook no action to overthrow the administration."

"Every citizen has a right to freedom of speech. Even if we go by the Chinese criminal law, a person becomes a 'counterrevolutionary' only when he takes a specific action against the state."

Fu, who spent several years in jail in the 1980s, said he hoped Beijing could improve the penal system to meet basic humanitarian standards.

"I was never let out of the cell the two years I spent in jail," he said. "I was not allowed to meet my wife and letters written to me by my relatives often got lost."

The dissident, who joined the country's democracy movement in the mid-1970's, said he would not engage in political activities for the next two years.

Apart from looking after a book kiosk he started in 1986, he would look for business opportunities.

Sources close to the dissident community said the release of Fu and Zhang had temporarily defused tension between the police and democracy activists in the city.

Yang Zhou, the organiser of a "democracy salon" in Fuxing Park, said yesterday that because of the releases, he would now hold the weekly sessions of discussion about political reform at a private venue.

'Drastically Streamlining' Government Dropped

HK0203033093 Hong Kong SOUTH CHINA
MORNING POST in English 2 Mar 93 p 10

[By Willy Wo-lap Lam]

[Text] Beijing has given up its goal of drastically streamlining the central government apparatus and settled for the gradual trimming of bureaucratic fat.

The decision comes after a bitter controversy within the leadership on the extent to which units and staff should be cut. The upcoming National People's Congress is likely to endorse the cautious option.

Chinese sources said that in spite of the publicity about "small government", there would still be 41 ministries and commissions under the State Council after the congress, just one less than now. Through to the mid-1990s, 25 percent of the total staff establishment would be slashed.

Analysts said this amounted to a repudiation of the goal set at last October's 14th party congress, which pledged to complete the restructuring in three years.

A few ministries, including textiles and chemicals, would likely be slashed. Others, including commerce and materials, would be merged.

But in an apparent contradiction of the goal of streamlining, new ministries will be created. For example, the Ministry of Machine Building and Electronics and the Ministry of Aeronautics and Astronautics will each be divided into two entities.

Until last month, there were reports that the operations and staff of the State Planning Commission and the Ministry for Foreign Economic Relations and Trade would be drastically cut. But sources close to the two units said cadres there had been effective in "protecting their empires".

"New responsibilities have been added to the commission because of the need to co-ordinate policies to 'save' the farming sector and because of new projects like the Three Gorges hydroelectric scheme," a source said.

Last week, Hubei's governor Mr Guo Shuyan and the vice-minister of Machine Building and Electronics, Mr Zeng Peiyan, were appointed commission vice-ministers.

The source said that contrary to his reputation as a central planner, Prime Minister Mr Li Peng had been a keen advocate of drastic cuts. But owing to bickering over turf, Mr Li's programmes were not endorsed by either party chief Mr Jiang Zemin or vice-premier Mr Zhu Rongji.

Political analysts in the capital said the Minister of Personnel, Mr Zhao Dongwan, a major organiser of the revamp, had received many brilliant and daring proposals for administrative reform. Because of the sharp divergence of opinion at the top, however, Mr Zhao has shelved the proposals and instead opted for the most conservative—and safest—course.

"Leaders like Li, Jiang and Zhu have second thoughts about slashing units and staff if this cuts into their power base," an analyst said.

Draft Government Work Report Contents Revealed

Sets Economic Growth Rate

HK0203051093 Hong Kong WEN WEI PO in Chinese
2 Mar 93 p 2

[By WEN WEI PO news team: "Draft of Government Work Report Sets Economic Growth Rate at 8 Percent"]

[Text] Beijing, 1 Mar (WEN WEI PO)—In an interview with WEN WEI PO, a democratic party official has said that the (draft for soliciting opinions) Government Work Report to be delivered by Premier Li Peng to the First Session of the Eighth National People's Congress [NPC] has raised the economic growth target for the Eighth Five-Year Plan to 8-9 percent. The report says that our country will be able to attain the objective of quadrupling the 1980 gross national product before the year 2000 if it maintains this growth rate.

This individual excitedly said that this reflects the central government's firm determination to further boost the national economy with pioneering courage. He was thus greatly inspired. He said that many people agreed in the discussions that the growth rate could be set at 9 percent, but the growth rate had not been finally fixed. He added that it would be a flexible option to set the growth rate between 8 and 9 percent. The draft for soliciting opinions set the growth rate in 1993 at 8 percent and explained that this rate was based on the high growth rate in 1992 and the conditions in various aspects in 1993, so it was a positive option that also left certain leeway. At the same time, the report also stressed that compulsory uniformity would not be imposed on the entire country, and localities with better conditions would be able to develop faster.

He said that his first impression was that the Government Work Report (the draft for soliciting opinions) was more concise than the previous ones. The report totaled 39 pages, with approximately 18,000 characters. It was not easy to sum up the work of the past five years and outline the work for the next five years in such a short article. He said that the Government Work Report to the First Session of the Seventh NPC had almost 40,000 characters. He was glad to see the pragmatic and anti-formal style of work of the Central Government reflected in this way.

As he remembered it, the Government Work Report consisted of seven parts: 1) reviewing the domestic work of the past five years; 2) economic tasks for the next five years; 3) quickening the pace of building a socialist market economy; 4) conscientiously carrying out structural reform in government institutions at all levels; 5) guaranteeing and promoting comprehensive social progress; 6) positively promoting the motherland's peaceful reunification; and 7) our country's diplomatic work.

He said: The report was not only concise, but also made new breakthroughs in form. In the past, there was a subhead for each main part, and each main part was again divided into several points. This time, each main part was also a main point, and only the important passages were printed in boldface. This format was simple and clear.

This individual added: In this concise report, "quicken- ing the pace of building a socialist market economy" and "conscientiously carrying out structural reform in gov- ernment institutions at all levels" were expounded in two separate parts. This was an expression of the new government's work focus.

Mentions Hong Kong Issue

HK0203062993 Hong Kong WEN WEI PO in Chinese
2 Mar 93 p 2

[By WEN WEI PO news team: "In the Government Work Report, Li Peng Will Talk About the Hong Kong Issue, Stresses China Will Not Barter Away Principles"]

[Text] Beijing, 1 Mar (WEN WEI PO)—An authoritative person here has disclosed that in the (draft for solici- tation of opinions of the) "Government Work Report" soon to be submitted to the First Session of the Eighth National People's Congress [NPC] for examination, special mention is made of the fact that the Hong Kong governor, with support from the British Government, did not keep his promises and unilaterally put forward the proposal on making great changes in Hong Kong's current political system. It reiterates that the Chinese Government will never barter away principles and states that the only way out will arise only when the British Government changes its position and returns to the track of the Sino-British Joint Declaration.

The person pointed out: Since the Sino-British Joint Declaration was signed, mention has been made of the Hong Kong issue in the successive "Government Work Reports" to the previous NPC sessions. However, it is believed that they have never used as strong a tone and words as this time. He said: The "report" states that there was originally good cooperation on the question of Hong Kong after China and Britain signed the Joint Declaration in 1984. However, last October, with sup- port from the British Government, the Hong Kong governor did not keep his promises and unilaterally put forward the proposal on making great changes in Hong Kong's current political system. This practice obviously violates the spirit of the Sino-British Joint Declaration, runs counter to the British promise of making Hong Kong's political system develop in such a way as to converge with the "Basic Law of the Hong Kong Special Administrative Region of the PRC," and runs counter to relevant understandings reached between China and Britain.

The Basic Law of Hong Kong is a product that fully displays democracy. That the British Hong Kong author- ities run counter to the Basic Law is in essence meant to

create confusion and obstacles to the smooth changeover of Hong Kong's political power and to its peaceful transition, and is not simply a question of whether or not democracy is upheld.

The "report" reiterates that the Chinese Government has all along been actively devoted to maintaining Hong Kong's long-term prosperity and stability. Although the Chinese Government expects cooperation rather than confrontation, it will never barter away its principles. The only way out is when the British Government changes its position and returns to the track of the Sino-British Joint Declaration.

'Commentator's Article' Views State Security Law

HK0203043493 Beijing RENMIN RIBAO in Chinese
25 Feb 93 p 3

[Commentator's article: "A Powerful Weapon for Safe- guarding State Security—Seriously Implement the State Security Law"]

[Text] The State Security Law passed by the 30th session of the Seventh National People's Congress Standing Committee was formulated in accordance with the Con- stitution's provisions on safeguarding state security and in response to the needs of the current situation. It is an important law for safeguarding state security and one of critical concern to all citizens.

People of all nationalities in our country are now upholding the party's basic line, implementing the 14th party congress's spirit, and concentrating all their energy on modernization under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The country's political situation is stable, its economy is developing rapidly, and all its other undertakings are thriving. The better the situation becomes, however, the more we should pay attention to activities by domestic and international hostile forces and elements that endanger our country's security. We must not lower our guard or become numb with care- lessness. The promulgation and implementation of the state security law responds to the need of safeguarding state security and the wish of people throughout the country. It has very important significance for deploying various types of force to guard against and stop actions that endanger state security, for cracking down on all law-breaking and criminal activities that endanger state security, and for ensuring a positive social environment for reform, opening up, and modernization.

State security is a crucial matter which concerns the survival of the state. The state security law makes specific provisions on actions that endanger state secu- rity, thus arming state security organs and all the citizens and organizations with a powerful weapon in their struggle against activities that break the law and other sabotages. Safeguarding state security is a duty for spe- cial organs as well as an obligation and right for the people of all the country's nationalities. State security organs must exercise their powers in accordance with

law, must resolutely stop actions that endanger our country's security, reputation, or interests, must severely punish criminal elements that endanger state security, and must genuinely complete all the tasks for safeguarding state security. In work, we must rely on the strength of the masses and unite the special organs with the broad mass of the people. At the same time, we must take note of making clear distinctions, handling things strictly according to the law, and genuinely protect the legal rights and interests of citizens and organizations. With active support from and close coordination between the people and organizations, the power of law will be given full play in ensuring the smooth conduct of state security work.

The basis for strictly enforcing state security law is conscientiously studying the law and familiarizing oneself with it. The study and familiarization of law is compulsory for special organs at all levels as well as a task which all citizens and organizations must conscientiously undertake. It is necessary to heighten the awareness of state security, further strengthen the sense of responsibility for safeguarding state security, struggle in accordance with the law against all criminal activities that break the law and endanger state security, consolidate our country's people's democratic dictatorship, develop the overall positive situation, safeguard the country's long-lasting peace and order, and ensure the smooth conduct of reform, opening up, and modernization.

Government Presents Education Reform Plan

HK2702043593 Beijing CHINA DAILY in English 27 Feb 93 p 1

[By staff reporter He Jun: "Education Reform To Tackle Economy"]

[Text] The government will restructure China's education system before the turn of the century so that it can better serve the demand of a fast-developing socialist market economy.

First made public yesterday at a conference jointly sponsored by the Central Committee of the Communist Party and the State Council, the reform programme, "The Essentials of China's Educational Reform and Development" sets the goals of education development in the 1990s as:

1. To popularize nine-year compulsory education throughout China and senior middle-school education in large cities and coastal regions.
2. To develop vocational schools on the senior middle-school level to let all newly-recruited urban and rural workers receive necessary trainings.
3. To upgrade key universities and colleges, and perfect key specialties, to enable graduates to fill the demand for social development;

4. To further reduce the illiteracy rate among the young and middle-aged Chinese to less than five per cent.

The low educational standard of industrial workers has become one of the main obstacles to China's economic take-off and is also hindering the full use and protection of the country's natural resources.

The programme says the expansion of basic, vocational and adult education is "the only way to turn China's population burden into an advantage of manpower."

These goals should be achieved through reforming the existing education system, increasing investment in education, improving the living standard of teachers and encouraging more public sectors to help develop education.

All sectors of society should join the government to run schools, especially vocational and adult units.

The schools will be given more decisionmaking power in both management and education, while the governments will play only a guiding role in legislation, funding, general planning, information services and policy.

The programme also vows to open more channels to collect money for education development, such as expanding school-run enterprises, establishing education funds, collecting educational surtax and gathering more tuition fees from students of non-compulsory education.

More self-funded and enterprise-sponsored students will be enrolled in universities and colleges, while the students enrolled under government planning should pay more tuition fees.

The student loan system will be further strengthened to guarantee that no student has to give up his or her higher education because of financial difficulties.

The governmental financial expenditure on education will be increased to 4 percent of the gross national product (GNP) by the end of this century, according to the programme.

The current national expenditure in education accounts for about 3 percent of the GNP, 1 percent lower than the average of developing countries.

In a bid to improve education quality, the programme pledges to increase teachers' income to a level higher than the average of employees of State-run enterprises and governmental institutions, further strengthening normal education and training.

Editorial on Importance of Education Program

HK0203093593 Beijing RENMIN RIBAO in Chinese 27 Feb 93 p 1

[Editorial: "A Project of Vital, Lasting Importance, With Education as the Foundation—Seriously Implement the 'Program for China's Educational Reform and Development'"]

[Text] The "Program for China's Educational Reform and Development" printed and distributed by the CPC Central Committee and the State Council sums up the experience in educational reform and development in more than 40 years since the founding of the PRC, especially since the Third Plenary Session of the 11th CPC Central Committee; and sets forth the objective, principles, policies, and measures for our country's educational reform and development in the nineties according to the guideline of building socialism with Chinese characteristics. It gives full expression to the spirit of the 14th party congress and Comrade Deng Xiaoping's important talks in his inspection tour of the south early last year, and is a programmatic document that guides our country's educational reform and development in the nineties and in the early 21st century. The "Program's" promulgation and implementation is an important event for the whole party and the whole society, and it will certainly have an extremely important impact on quickening our country's educational reform and development and promoting the cause of reform, opening, and modernization.

In his report to the 14th party congress, Comrade Jiang Zemin pointed out: "Scientific and technological progress, economic prosperity, and social development are contingent, in the final analysis, on the enhancement of the quality of workers and the training of a large number of competent personnel. We must give strategic priority to the development of education; and strive to enhance the whole nation's ideological, moral, scientific, and cultural level. This is a fundamental task in the course of realizing modernization in our country." Science and technology constitute the primary factor of the productive forces; economic construction must rely on scientific and technological progress and the enhancement of workers' quality; and the foundation for training competent scientific and technical personnel lies in education. All this forms an important aspect of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. We are pursuing socialist modernization in a country with a large population, relatively scarce resources, and a comparatively backward economy. To achieve the grand objective of modernization and to further emancipate and develop the productive forces, we must quicken the development of education, enhance the quality of working people, and change the heavy population burden into a manpower advantage. This is the only option we can adopt. The party and state have decided to place education in this important strategic position, and this represents a major development in the guideline for economic construction. It is a scientific conclusion drawn from our country's historical experience in socialist construction and also from other nations' development experience. Local party committees and governments at all levels must conscientiously implement this strategic guiding principle, must attach importance to education, and must properly handle education.

The decade of the nineties will be a key period for our country's socialist modernization. At present, the whole

party and the entire people throughout the country are striving to achieve the second-step strategic objective and to reach a comparatively well-off living standard by the end of this century. The current international environment shows that the world is still in an era of intense international competition and is facing the challenge of the new technological revolution. To a large extent, the economic competition or the competition in comprehensive national strength is scientific, technological, and intellectual competition, which is, in the final analysis, educational competition. The international and domestic situation not only provides an opportunity and driving force for our educational reform and development, but also sets forth new tasks and requirements for our educational reform and development. In the past more than 40 years, education in our country has made great achievements, but on the whole it remains in a rather backward condition. We should admit such backwardness. In admitting this fact, we are determined to change the backward condition, and this means that we shall have a bright future. Therefore, we must quicken educational reform and development. By the end of this century, our country will basically realize the popularization of nine-year compulsory education, and basically eliminate illiteracy among young and middle-aged people. We must comprehensively implement the party's education guideline, comprehensively enhance the quality of education, and properly develop a number of key institutions of higher learning and a number of key branches of learning. It is necessary to further deepen the reform of the educational system, overcome such problems as "covering things too widely" and "controlling things too rigidly" caused by the structure of the planned economy, and initially build up a new educational system commensurate with the socialist market economy structure, the political structural reform, and the scientific and technological structural reform. It is necessary to further deepen the reform of education methodology and education theories, transform the contents and methods of teaching, and change the fact that school education is divorced, to varying degrees, from the needs of economic and social development. Only thus can education better serve socialist modernization and meet the growing needs of the people for knowledge and education.

Education is the foundation and the fundamental guarantee for long-term development. More than 10 years ago, when Comrade Xiaoping was in charge of education, he pointed out in a speech: "My method is to prompt people in leading posts and to grasp the formation of guidelines." At present, the guidelines for our country's educational reform and development have been formulated, and the program and the blueprint are all ready. The key now lies in prompting leaders at all levels to really attach importance to and conscientiously organize the "implementation" of these things. The "Program" is the product of persistently emancipating the mind and seeking truth from facts. Local governments at all levels should do down-to-earth work and

make solid efforts to promote education. Input to education should be increased; teachers' social status should be enhanced; and their working and living conditions should be improved. Various localities should proceed from their own conditions, and actively explore ways to develop education in the light of their local conditions. Let us endeavor to quicken educational reform and development and realize the modernization of education under the guidance of the theory on building socialism with Chinese characteristics, through upholding the party's basic line, and by orienting ourselves to the world, to the future, and to the objective of modernization, thus bringing about a new situation of unprecedented prosperity in the field of education for the Chinese nation.

Commentator on Emancipating Minds, Seeking Truth

HK0103060593 Beijing GUANGMING RIBAO in Chinese 19 Feb 93 p 1

[Commentator's article: "Grasp the Internal Unity of Emancipation of the Mind and Seeking Truth From Facts—Further on Emancipation of the Mind and Seeking Truth From Facts"]

[Text] The unity of the emancipation of the mind and seeking truth from facts is not external unity, but internal unity and congruence. Such internal congruity is focused on their respective natures, functions, and roles. By emancipating the mind, we mainly mean that we should free ourselves from the outdated traditional ideas and prejudices, and bring our thinking into line with the practice of building socialism with Chinese characteristics. By seeking truth from facts, we mean that we should proceed from China's specific national conditions and from the current and local situations when approaching everything, thus finding the inherent rather than imaginary regularity of things from the objective reality for guiding our work. Therefore, emancipating the mind and seeking truth from facts interpret the same thing from different angles. They share the same grounds and serve the same purpose. This has been vividly proved by the practice after the Third Plenary Session of the 11th CPC Central Committee. From the eradication of the "two whatevers" viewpoint to the shift of the focus of the Party's work to economic construction; from the upsurge of the rural reform to the in-depth development of the urban reform; from the establishment of the special economic zones to the forming of the omnidirectional opening pattern, all the major steps for reform and opening and their great achievements resulted from the emancipation of the mind and also from the adherence to seeking truth from facts. Was there any exception to this? Through emancipating the mind and breaking through the shackles formed by the outmoded traditional ideas and prejudices, we changed the mentality of sticking to old ways and rejecting new things; by consistently seeking truth from facts and proceeding from the reality while approaching everything, we achieved the unity of the subjective world and the objective world and

the unity of our thinking and our practice. This is exactly the path that the Chinese people have traversed in the past 14 years under the leadership of the party.

Practice is continuously developing, and people's thinking must keep developing along with the development of the practice. Only thus can there be the unity of thinking and practice. This is also the ground for the unity of emancipating the mind and seeking truth from facts. Therefore, we should not negate the necessity of renewing the unity of emancipating the mind and seeking truth from facts on the ground that such unity was achieved in the past; neither should we negate the necessity of seeking the unity between the two sides on one issue on the grounds that such unity was achieved on the other issue; still less should we negate the necessity of continuing to seek such unity in the future on the grounds that we have achieved such unity today. Take our ongoing reform, opening, and socialist modernization. In the past 14 years, the whole party and the entire people throughout the country have achieved the unity of emancipating the mind and seeking truth from facts on a series of fundamental issues. In particular, a consensus of opinion has been built and consolidated on the basic line of building socialism with Chinese characteristics and adhering to "one center, two basic points." This is the basic reason why we can make brilliant achievements. However, can we thus say that we do not need to further emancipate the mind in the future and do not need to continue to keep the unity of emancipating the mind and seeking truth from facts in the new practice? No, certainly not. We may just cite an example here. The 14th party congress explicitly set forth the target model of the economic structural reform in our country; that is, to establish the new structure of the socialist market economy. This is a complicated system engineering project, and is also an arduous strategic task. In the process of fulfilling this task, we need to continuously overcome the deep-rooted old conceptions formed by the longstanding planned economy and overcome the ideological tendency to equate a market economy with capitalism, and boldly learn from the experience of the developed countries in developing the market economy; moreover, we must transform the operation mechanism of the large and medium state-owned enterprises, foster the market system, deepen the reform of the distribution system and the social security system, and change the government functions. Are we not required to further emancipate the mind in doing all such things? We can say that without the unity of emancipating the mind and seeking truth from facts in every specific field and on every specific issue, it will not be possible to develop a socialist market economy and to establish a new socialist market economy structure.

To grasp the unity of emancipating the mind and seeking truth from facts, we need to properly handle the relationship between the subjective expectations and the objective needs and possibilities, and between the spirit of daring to make breakthroughs and experiments and the attitude of proceeding from the reality. In the course of

reform, opening up, and developing the socialist market economy, we should dare to think, to act, and to try new things ahead of others. This is without question. As Comrade Deng Xiaoping advocated, we should be courageous in making trials and breakthroughs. "Without some 'daring' and 'adventurous' spirit, without courage and enthusiasm, we cannot succeed in blazing a new trail and making new accomplishments." However, such trials and breakthroughs and such "adventurous" spirit should be based on the "correct and proper assessment of the situation"; that is, on the principle of seeking truth from facts. If we do not seek truth from facts, do not proceed from actual needs and possibilities, and do not consider the objective conditions, the "adventures" and "breakthroughs" will just be acts of reckless indiscretion rather than an act of emancipating the mind. Such practice is doomed to failure.

To grasp the unity of emancipating the mind and seeking truth from facts, we also need to properly handle the relationship between other localities' experience and local conditions. In recent years, such a phenomenon could often be seen: After one locality succeeded in developing the economy rapidly and enabling the people there to get rich as a result of adopting a certain measure (and sometimes, not because of the adoption of that measure), other localities would all follow suit and adopt the same measure. Thus, a certain type of "fever" or "trend" appeared. Indeed, the localities which succeeded in developing the local economies rapidly and advancing reform and opening properly provided a lot of useful experience of universal significance, and it is necessary to learn from such experience. However, when learning from the experience of another locality, we should pay more attention to its essence and should not merely copy the concrete practice. We should proceed from local conditions and give play to local advantages, and should not merely imitate other localities' practice. Only this is the real behavior of emancipating the mind and seeking truth from facts. If one is only keen to recklessly follow various "trends" like some localities used to do and only act according to one's wishful thinking or whims, one will simply get nowhere apart from causing losses to the people's interests.

Comrade Jiang Zemin pointed out in his report to the 14th party congress: "Leading organs and leading cadres at all levels should, in the practice of reform and construction, properly combine the party's line, principles, and policies with the concrete conditions of their own localities and departments, and should dare to make explorations and experiments, sum up experience in good time, and creatively advance their work." Grasping the inherent unity of emancipating the mind and seeking truth from facts and always maintaining such unity is not only a requirement in the application of the theory on building socialism with Chinese characteristics, but also the foundation for doing creative work. This will provide a reliable guarantee for the fulfillment of all tasks set forth by the 14th party congress. Let us exemplarily

effect the unity of emancipating the mind and seeking truth from facts and exemplarily advance our work in a creative way!

Minister Discusses Development of Small Towns

OW0103074793 Beijing XINHUA in English 0717
GMT 1 Mar 93

[Text] Shenyang, March 1 (XINHUA)—Promoting the construction of China's small towns is a strategic task for developing the rural economy, improving farmers' lives and narrowing the gap between rural and urban areas.

These remarks were made by Minister of Construction Hou Jian while on a recent study tour in Liaoning Province of northeast China.

At present, China has more than 50,000 small towns which are of great importance in promoting rural and urban economic prosperity, and improving the industrial structure and the cultural level of the rural areas, said Hou.

He predicted that with the progress of science and technology, and the national economy, China will have about 300 million people leaving rural areas to live in small towns by the year 2000.

He said that now the urbanization rate of China's mainland is only about 28 percent, far behind that of 80 to 90 percent in developed countries and also behind some developing countries such as India and Pakistan whose urbanization rate reaches 40 percent.

He said that the development priority of China's small towns should be put on building residential housing and public facilities. "What the big cities have, the small towns should also have. The differences between small towns and big cities should be only in size," he said.

A small town should become the center of rural politics, economy and culture to promote development of the countryside and provide a good environment for people's lives and production.

In planning, Hou said that small towns should be important bases for rural production, residence and social security.

Stipulations regarding legal documents related to small town construction should be stepped up, the minister held.

Ding Guangen Discusses Social Science Work

OW2802090993 Beijing XINHUA Domestic Service in Chinese 1303 GMT 25 Feb 93

[By RENMIN RIBAO reporter Zhou Qing (0719 1987), XINHUA reporter Zhao Wei (6392 5898), and apprentice Suo Yan (4792 4282)]

[Text] Beijing, 25 Feb (XINHUA)—At a Chinese Academy of Social Sciences [CASS] work meeting, Ding

Guangen, member of the Political Bureau and Secretariat and head of the CPC Central Committee Propaganda Department, said: The most fundamental and important current task for the philosophical and social sciences front is to study, research, and give publicity to the theory of building socialism with Chinese characteristics and to use this theory to unify ideology, as well as to guide the work of social sciences as a whole.

The three-day meeting ended today in Beijing. The meeting discussed problems that include how the CASS should continue to carry out the guiding spirit of the 14th National CPC Congress and how it can deepen structural reform. Meanwhile, focusing on its major goals, the meeting also made plans for the this year's scientific and research work.

At the opening ceremony, Ding Guangen said: Social science workers should have a better grasp, a deeper understanding, and a more accurate mastering of Comrade Deng Xiaoping's strategic ideology, theoretic viewpoints, scientific attitude, and creative spirit. To help cadres and people study the theory of building socialism with Chinese characteristics, social science workers should also make scientific and persuasive expositions for them. They should answer various ideological and cognitive problems raised by people during the course of their study. They should provide those pioneers and builders who are striving to advance with strong theoretical support and guidance.

He pointed out: The fundamental principle for developing social sciences lies in linking theory with practice, which is also a fine academic work style that our party has always advocated. Among important topics to be considered are our unprecedented endeavors to build a socialist market economic system, to develop socialist democracy, and to construct socialist spiritual civilization. It is imperative for us to study these topics carefully and resolve them bravely. Theory is enlivened by practice. Invigorating and creative reform and construction provide ample resources for the development of theory. Practice paves the way for great progress and development in the philosophical and social sciences. Practice demands that philosophical and social science workers go deep into real life and enter the main battlefield of economic development, reform, and opening up. Social science workers should employ a Marxist world outlook and methodology when tackling new situations, problems, and contradictions found in our ever-changing, dynamic world. They should engage in fruitful efforts when studying theory, practical applications, and forecasts in an effort to sum up new experiences and engender new conclusions that have scientific value. He said: With high-level research results, philosophical and social science workers should support today's great social practice with spiritual and intellectual backing. They should also provide a practical train of thought and provide suggestions for the party and state in making major decisions.

Ding Guangen said: The CASS is a place where China's social science personnel work. It is also a research center for social sciences. It is necessary to bring into full play the initiative and the creativity of all institutions under it. These institutions should launch effective and comprehensive efforts to study domestic and international issues, including historical and current ones. Efforts should be made to ensure that we achieve great success in major research fields, as well as in related fields.

He said: To promote the development of the social sciences in China, the broad masses of social science workers should adhere to the party's basic line of "one central task, two basic points." They should be in line with the CPC Central Committee both ideologically and politically. It is imperative to adhere to the orientation of "serving the people and socialism" and to the principle of "letting a hundred flowers blossom and a hundred schools of thought contend." We should protect academic freedom and promote academic prosperity. We should insist on the emancipation of minds, the seeking of truth from facts, and the use of experience as the sole criterion for truth. Great efforts should be made to advocate a general mood of considering the overall situation and striving toward unity, hard work, positive outlooks, producing good results, and making more contributions. In this way, we can create and maintain a unified, democratic, and harmonious atmosphere for the study of social sciences.

Ding Guangen said that to adapt to the new situation and fulfill the heavy tasks, the party and the state should, on the one hand, show greater concern, render greater support for the social science front, and further improve the working and living conditions of researchers; on the other hand, social science workers should strengthen their unity and work enthusiastically with one mind to raise the quality and level of scientific research results and to constantly bring about new accomplishments.

CASS President Hu Sheng made a report at the meeting. He said that the deepening of reform and the acceleration of economic and social development have established two urgent tasks for the social science front. On the one hand, real life has engendered numerous problems, which social science workers must study and provide answers for; on the other hand, there is the question of how to make the management system for social sciences adapt to the developing socialist market economy system. Hu Sheng said that to deal with these tasks, social science workers should have a sense of urgency and strengthen their awareness of reform and opening up. From now on, in reforming itself, the CASS should do so by constantly implementing the party's basic line and the 14th CPC National Congress guidelines, by focusing on the development of scientific research, by creating more research achievements, and by training more qualified personnel. He said that the readjustment of the distribution of scientific institutes and the distribution of research personnel constitutes an important part of reform. During the course of reform, it is imperative to emphasize the principle of integrating

theory with practice, and, at the same time, it is necessary to form and strengthen incentive and competitive mechanisms by reforming the management system.

In his summary report, Wang Renzhi, secretary of the CASS' party committee and CASS vice president, said that social science research is very promising in the new situation. Therefore, the CASS should strive to upgrade the level of scientific research. To do this, the CASS should emancipate its mind and steadily advance its own structural reform.

Subsidies to Nationality Areas Viewed

HK0103092093 Beijing ZHONGGUO XINWEN SHE
in Chinese 1253 GMT 19 Feb 93

[By reporter Li Wei (2621 0251) and Chen Jian (7115 1696)]

[Text] Beijing, 19 February (ZHONGGUO XINWEN SHE)—According to incomplete statistics, China's financial subsidies to eight nationality provinces and regions totalled more than 100 billion yuan between 1980 and 1991.

When briefing members attending the 30th Meeting of the Seventh National People's Congress [NPC] Standing Committee on the situation concerning enforcement of the Law of Autonomy for Nationality Areas this afternoon, Li Xuezhi, NPC Nationalities Committee vice chairman, said that the enforcement of the law over the past eight years has yielded enormous successes with the result that the relations among various nationalities in China have remained good and the country has maintained stability and unity.

Li Xuezhi made a point by taking as an example eight autonomous nationality areas which have witnessed a rapid economic growth and eradicated backwardness to a significant degree.

It was revealed that in 1991, the total GNP of the eight provinces and regions registered a 50.5 percent increase, national income a 51.6 percent increase, and total industrial and agricultural output value a 64.9 percent increase compared with 1985. In 1991, the total industrial and agricultural output value of various autonomous nationality areas in Qinghai Province registered a 147.2 percent growth over 1984. From 1984 to 1991, the total GNP of Ningxia Hui Autonomous Region grew at an average annual rate of 9.5 percent, higher than the country's average in the same period. In 1991, the total GNP of the Guangxi Zhuang Autonomous Region registered a 160 percent growth and total industrial output value a 260 percent growth over 1978. After conducting the work of assisting the poor for more than a decade, the poor mountainous area of Xihai in Ningxia, which are known for their poverty in the whole country, have succeeded in reducing the proportion of poor peasant households which lack both food and clothing from 75 percent, recorded in 1982, to 10 percent at the moment.

Commenting on key issues relating to the enforcement of the Law of Autonomy for Nationality Areas, Li Xuezhi maintained that it is necessary to work out detailed provisions governing the enforcement work as soon as possible. He also suggested that the NPC make necessary amendments and supplements to the Law of Autonomy for Nationality Areas at an appropriate time.

Civil Aviation Association Poll on Service

OW0103101393 Beijing XINHUA in English 0936
GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—The China Civil Aviation Association (CCAA), is now conducting a poll nationwide on the quality of China's airline services, in order to make improvements.

The consumer committee under CCAA is now disseminating service evaluation cards to customers at over 400 air-ticket sales desks, all airports, major tourist agencies and concerned social units in the country, to collect customers' opinions and suggestions.

Customers are required to fill in the number and date of the flight taken. They are also asked about their opinions on service attitudes, quality and facilities at sales desks, inside the planes and at the airports.

On the cards, there are also questions like, "What aspect of the evaluated airline are you most dissatisfied with?" and "What aspect of the evaluated airline are you most satisfied with?"

The committee, which was set up at the beginning of the year, will input the customers' opinions into computers for analysis and will make public the results in June this year.

State Council on Water, Soil Conservation

OW2802125893 Beijing XINHUA Domestic Service in
Chinese 0215 GMT 18 Feb 93

[Text] Beijing, 18 Feb (XINHUA)—The State Council recently issued to all localities a "Circular on Paying More Attention to Water and Soil Conservation," calling on all localities to pay more attention to water and soil conservation, fundamentally improve conditions for agricultural production, and promote economic development. The State Council is urging localities to do a better job in preventing soil erosion in an effort to help poor mountainous regions become well-off sooner, to protect the land, and to improve the environment.

The circular says: Because our country has a large population, its water and soil resources are relatively deficient and the problem of soil erosion has always been quite serious. Currently, some 1.7 million square km of waterlogged land need to be dealt with. The task of improving this land is very arduous. With the constantly increasing population and rapid economic growth, soil erosion and shortage of water and soil resources will become even more serious. For this reason, the people's

governments and the departments concerned at all levels must view water and soil conservation from a strategic perspective and regard it as the lifeblood of development of mountainous regions, as the basis for land improvement and river harnessing, as the foundation for economic and social development, and as a basic national policy that we must uphold for a long time. The people's governments and departments concerned must enhance their sense of urgency in controlling soil erosion, list water and soil conservation as an important item on their daily agenda, and accelerate remedial measures for soil erosion.

The circular says: Water and soil conservation departments, particularly those in regions with serious soil erosion, should strengthen the water and soil conservation agencies and seriously do a good job in managing work, in making comprehensive efforts to deal with problems, in supervising the work of lower levels and work in monitoring soil erosion, and in relevant scientific research and education. The agricultural, forestry, energy, and transport departments and large and medium industrial and mining enterprises should actively support water and soil conservation departments in their work, while seriously performing their own duties with respect to control and prevention of soil erosion. It is necessary to establish a reporting system on the water and soil conservation plan. All new construction projects and resource development projects in mountainous regions, hilly regions, and sandstorm regions must be accompanied by a water and soil conservation plan examined and approved by the relevant water and soil conservation department. Planning departments at various levels must strictly check the plan when they examine and approve construction or a development project. We should establish a sound a system for supervising the prevention of soil erosion.

The circular emphasizes: All localities should increase various forms of investment through various channels and make great efforts in water and soil conservation. In remedying soil erosion, we should display self-reliance and rely mainly on local investment and labor with only moderate state assistance. We should continue the policy of letting investors enjoy the right to use the newly developed land in order to arouse enthusiasm among various quarters for controlling soil erosion. As for the collectives, households, and individuals that contract to reclaim mountain and valley wastelands, hilly wastelands, and beach wastelands, their right to use the reclaimed land should remain unchanged for a long time.

Three Gorges Resettlement Project Starts

OW2802132793 Beijing XINHUA in English 1311
GMT 28 Feb 93

[Text] Wuhan, February 28 (XINHUA)—The resettlement program for local residents at the site of the Three Gorges Dam has been smoothly inaugurated, with 61 from 22 households having moved into their new houses in Yichang County, central China's Hubei Province.

According to official sources, a total of 15,000 people in 19 villages will be moved from the 18.7 square km work-site of the dam project, which is an important part of the forthcoming Three Gorges water conservancy project.

The giant Three Gorges Project will stretch into the 21st century with anti-flooding, power-generating and water transportation functions.

The city government of Yichang and the Sanxia branch of the People's Construction Bank of China have allocated 26 million yuan (about 4.5 million U.S. dollars) for the resettlement.

Local villagers will be resettled in three ways, namely to be moved within the work-site and continue to do farm-work, to join secondary and tertiary industries for the Three Gorges Project, and to be resettled in other places.

Moreover, other measures will be taken to resettle the locals, including local enterprises hiring more villagers, setting up pension insurance for the aged and encouraging the villagers to lodge at their relatives' homes.

According to official plans, the 15,000 locals will be resettled in three years.

President Yang Inspects, Rests in Guangdong

OW2702113993 Beijing XINHUA Domestic Service in
Chinese 0911 GMT 27 Feb 93

[Text] Guangzhou, 27 Feb (XINHUA)—President Yang Shangkun rested in Guangdong and inspected the province's work from 24 January through 27 February. During the inspection, President Yang was accompanied by Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong provincial party committee; Guo Rongchang, deputy secretary of the provincial party committee; and Huang Huahua, member of the Guangdong provincial party committee standing committee and its secretary general; and leading officials of some cities at one time or another. President Yang was satisfied with the successes Guangdong has achieved in launching reforms, opening to the outside world, and implementing the guidelines laid down by the 14th party congress; and said: Guangdong's situation is fine. I hope it will be even better.

On the afternoon of 5 February, President Yang Shangkun visited Vice President Wang Zhen who was resting in Guangzhou. When they met, the two elderly leaders held each other's hands for a long time. They recalled the fighting course they had traversed and said in particular that China has become stronger and more prosperous as a result of the grandiose blueprint of reform and opening up designed by Comrade Deng Xiaoping. The two elders were full of confidence in China's future.

On the morning of 5 February, President Yang Shangkun attended a municipal meeting in Guangzhou

to honor Li Ka-hsing and Ma Man-kei and 47 other celebrities as honorary citizens of Guangzhou, and he congratulated the honorary citizens at the meeting. President Yang urged the vast number of Overseas Chinese, countrymen in Hong Kong and Macao, and friendly foreign nationals to give China's construction greater attention and support. Prior to the meeting, President Yang had a meeting and a group picture taken with past and present mayors and deputy mayors of Guangzhou. At the Pearl Island Guesthouse that evening, President Yang visited several elderly comrades who served in Guangdong in the past. He also had cordial conversations with Xie Fei, Zhu Senlin, Lin Ruo, Wu Nansheng, and Yang Yingbin, principal leading members of the Guangdong provincial party committee, the provincial government, the provincial people's congress, and the provincial committee of the Chinese People's Political Consultative Conference [CPPCC]; as well as veteran comrades Ren Zhongyi and Liu Tianfu.

On 6 February, President Yang Shangkun attended the celebrations marking the 10th anniversary of the White Swan Guesthouse. Showing great interest, President Yang lit a lantern to inaugurate a get-together to mark the Lantern Festival.

During his stay in Guangdong, President Yang visited Nanhai, Panyu, Zhongshan, and Foshan cities. In the company of Gao Siren, secretary of the Guangzhou Municipal Party Committee, Guangzhou Mayor Li Ziliu, and leading comrades of Panyu City, President Yang visited Nansha, a port in Panyu. After hearing a briefing on Panyu's economic development and construction, he said delightfully: There are more and more new things since China embarked on reform and opening up. I am very pleased to see them.

During his inspection tour in Zhuhai, President Yang was accompanied by Liang Guangda, member of the Guangdong provincial party committee standing committee and mayor of Zhuhai; and Huang Jing, deputy secretary of the Zhuhai municipal party committee. President Yang was pleased to see the economic development of Zhuhai, and especially its many new municipal construction projects, over the past year following Comrade Deng Xiaoping's inspection tour in southern China. He praised the people in Zhuhai for their exploratory spirit as demonstrated by their efforts to remove mountains for reclaiming land from the sea.

Showing great concern for the masses' livelihood, President Yang inspected a department store in Zhuhai and the Gongbei agricultural market. He inquired of the masses about their living conditions and commodity prices. When he learned that the market had plenty of goods, their prices were stable, and the people's living conditions were improving, he laughed heartily.

President Yang also attached great importance to the development of high technology and spiritual construction. In Zhuhai, he inspected the Giant Group Company; the Southern Aviation Training Center; and the

city's sports, cultural, and scientific-technological, and medical center, as well as the Beiling Farmers' Cultural Center. After listening to a briefing, given by the secretary of the Beiling Village party branch, on the study and other activities of the village's party members, President Yang pointed out: "The party's grass-roots activities are very important." "We should pay attention to developing the masses' cultural qualities." He said to comrades of the cultural center: Activity centers like this one is very good. Here the peasants can enjoy themselves and be educated.

On 21 February, President Yang Shangkun attended a soiree given by a leading official of the Tibet Autonomous Region at the Zhuhai Guesthouse to mark the Year of the Frog [as received] of the Tibetan calendar. At the get-together, President Yang said that the CPC's open and reform policy is one by which all parts of the country can develop. He hoped people of all nationalities in the country will unite closely to build China into an even better place.

President Yang and other working personnel also planted three trees at the Zhuhai Coastal Park.

During his stay in Guangdong, President Yang also had separate meetings with some celebrities from Hong Kong and Macao and from abroad.

'Sources' Reveal Contents of Hu Qiaomu's Will

HK0103032793 Hong Kong SOUTH CHINA
MORNING POST in English 1 Mar 93 p 11

[By Willy Wo-lap Lam]

[Text] The Communist Party's conservative faction has been shocked by revelations about the "liberal" will left by former politburo member Mr Hu Qiao-mu, who died in Beijing last September. Chinese sources said yesterday that Mr Hu, the secretary of the late Chairman Mao Zedong, had urged his comrades to "update their ideas according to the times." The sources said the Maoist ideologue had asked his relatives to tape his "political will" shortly before his death at the age of 81. Because he was then extremely feeble, however, the relatives and party authorities had to call on acoustic experts to make out parts of the recording.

"Some of our ideas in the past have proved to be either incorrect or obsolete," Mr Hu, once "godfather" of the remnant Maoists, said. "Others need to be fine-tuned or rephrased to suit the requirements of the times."

The sources said most shocking for the leftists was the fact that Mr Hu had cast doubt on the supreme importance of the four cardinal principles of socialism, Marxism, party leadership and the dictatorship of the proletariat. Mr Hu, who left the politburo in 1987, hinted the party should put more emphasis on reform and the open door policy. "It is perhaps inappropriate to give as much priority to the Four Cardinal Principles as

to reform and the open door," he said. "I hope this question can be addressed at the 14th party congress (of October last year)."

Analysts said that in the last years of his life, Mr Hu, who had played a role in persecuting "bourgeois-liberal" intellectuals, had shown signs of "repentance". In mid-1992, he published an article on how the party had committed "leftist" mistakes for 20 years. The analysts said that, while some Maoist ideologues had disparaged Mr Hu's last statement as the incoherent thoughts of a dying man, the liberal nature of the will had demoralised the capital's leftists.

Meanwhile, the hardliners have been encouraged by the conservative leanings of the new head of the Propaganda Department, Mr Ding Guangen. Mr Ding, a politburo member who had been in charge of Taiwan affairs, has retained the staff who used to work for the liberal politburo member, Mr Li Ruihuan, his predecessor as ideology tsar. An informed source said a couple of Mr Li's aides had been scolded by Mr Ding for expressing support for liberal writers and thinkers.

At a recent meeting of the retired cadres of the Propaganda Department, Mr Ding seconded the views of leftist commissars such as Mr Tian Dan. At the conclave, Mr Tian upbraided the authors of two avant-garde books—*Tides of History* and *Memorandum on Anti-Leftism*—for fomenting bourgeois values. "I support comrade Dan's ideas," Mr Ding reportedly said. "Veteran cadres like him are able to take the long-term perspective."

Li Tieying Inscription for Soccer Foundation

OW2702145293 Shanghai People's Radio Network in Mandarin 2300 GMT 20 Feb 93

[From the "Morning News" program]

[Excerpt] The Satanna Foundation for Revitalizing Soccer in China was formally established in Shanghai yesterday [20 February].

This is another practical project which the Shanghai Volkswagen Motor Incorp. Ltd. has accomplished in revitalizing the soccer sports in China, following the hiring of a German coach for the Chinese soccer team last year.

Li Tieying, member of the CPC Central Committee Political Bureau and state councilor, wrote a message for the foundation. The message reads: Revitalize soccer in China. [passage omitted]

Article Profiles Supreme Court President Ren

HK0203010093 Hong Kong TANGTAL in Chinese No 23, 15 Feb 93 pp 38-41

[Article by He Pin (0149 7340) and Gao Xin (7559 2450): "China's No. 1 Judge—Ren Jianxin"]

[Text] Ren Jianxin was born in Xiangfen, Shanxi, in August 1925. In 1946, he began studying in the Chemical Engineering Department of the Polytechnic College of Beijing University. In 1947 he joined the left-wing radical organization the "China Democratic Youth League," which was a peripheral organization of the CPC, and began to accept the CPC's leadership and actively participated in the CPC's underground student movement. In June 1948, he joined the CPC and was elected a member of the Council of the Students' Self-Administration Association.

From Secretary to Dong Biwu to "No. 1 Judge"

On 19 August 1948, the Kuomintang [KMT] Government published a wanted circular in the newspapers, ordering the arrest of a number of student leaders, including Ren Jianxin. Having been notified by the underground CPC organizations, Ren Jianxin then withdrew to a north China "liberated area." He could not continue his studies and was then transferred by the CPC to the secretarial office of the North China People's Government to do secretarial work. At that time, Dong Biwu, one of the founding members of the CPC, was chairman of the North China People's Government. Ren Jianxin was a secretary personally selected by Dong Biwu. Later, as Dong Biwu was in charge of the CPC's political and legal work for a long time, Ren Jianxin also chose the same work for his career.

After the founding of the People's Republic by the CPC, Dong Biwu was appointed vice premier of the State Council and concurrently chairman of the Political and Legal Affairs Committee. Ren Jianxin went to Beijing with him and continued to work as his personal secretary. In 1954, Ren was transferred to the State Council's Legal Affairs Bureau and continued to work as a secretary there.

In 1959, Ren Jianxin was transferred to the China Council for the Promotion of International Trade Legal Affairs Department.

In 1981, Ren Jianxin was promoted to deputy director and deputy secretary of the party group of the China Council for the Promotion of International Trade. In June 1983, he was appointed vice president of the Supreme People's Court and deputy secretary of its party group. In April 1988, at the Seventh National People's Congress [NPC], he replaced Zheng Tianxiang and became president of the Supreme People's Court and secretary of the party group. In 1990, he also held the concurrent posts of deputy secretary of the Central Commission of Political Science and Law (Qiao Shi being secretary of the commission) and vice chairman of the Central Committee for the Comprehensive Management of Social Security (Qiao Shi being chairman of the committee).

Only Hobby—To Work

Ren Jianxin is a hard-working, devoted, and orthodox cadre. He is honest in performing official duties and also

very simple in his personal life. Once he told a ZHONGHUA YINGCAI [CHINA'S TALENTS] reporter during an interview: "One of the shortcomings in my life is that I still cannot foster an after-work hobby."

His children also said: When asked what my father's hobbies are, I really cannot tell. If there is any, I think his only hobby is "to work."

The working personnel of the Supreme People's Court highly admire his conscientious work attitude and spirit of working under an excessive load for a long time as well as his scholarly attainments. Although he did not complete all the courses at Beijing University in those years, he has a good command of English and Japanese through self-study later.

Niu Lizhi, his wife, graduated in Russian at the Harbin Foreign Languages Institute (and was a classmate of Zhu Lin, Li Peng's wife). After graduation, she was transferred to Beijing and worked as translator and secretary to Dong Biwu.

Niu Lizhi told reporters that in 1951, Ren Jianxin and she went to the Summer Palace from Zhongnanhai by bicycle to see Dong Biwu, who was living there then. On the way, Ren Jianxin did not tell her why they were going there, so she did not know that she had been transferred to work as secretary to Dong until they came to the latter's home. On the afternoon of the same day, as arranged by Dong Biwu's wife, the two youngsters began to work together and started their love affair.

In 1952, Dong Biwu served as chief witness at their wedding ceremony.

The couple have a son and a daughter, both working in Beijing. The son works as a reporter and the daughter as an editor of a publishing house.

Enacting China's Law on Intellectual Property Rights

At the age of 28, Ren Jianxin participated in the drafting of the CPC's first national law. This was also his first contribution to CPC legal circles.

In 1953, Ren Jianxin was entrusted with the task of drafting the "General Provisional Rules for Organization of the People's Mediation Committees." For the drafting of this document, he spent much time visiting grass-roots units and consulting experts in legal affairs. At that time, after investigation, he published an article entitled "Strengthen Mediation Work, Popularize Legal Knowledge" in RENMIN RIBAO. Then he sought opinions from various circles on this article and drafted the "Rules" on this basis. In March 1954, the "Rules" were formally promulgated and put into effect.

In the Chinese mainland, the party is more important than the law. Therefore, it is difficult to appraise Ren Jianxin, the "No. 1 judge" of the CPC regime. But in my opinion, Ren Jianxin has, at least, made generally recognized contributions to the formulation of the CPC's major laws and regulations concerning foreign affairs

and foreign nationals and the relevant Chinese laws and regulations on intellectual property rights.

In 1973, Ren Jianxin led a delegation to participate in a meeting of the World Intellectual Property Organization (WIPO) [preceding acronym published in Roman alphabet]. He told WIPO Director General Bogsch: There is only one China in the world, and we are the sole legal representative of China. China will have its own patent law, trade mark law, and copyright law.

After returning to China, Ren Jianxin immediately wrote a report to Zhou Enlai, then premier of the State Council, asking for the drafting of the three laws at the earliest possible date. On 23 August 1982, the new "PRC Trademark Law" was promulgated; on 12 March 1984, the "PRC Patent Law" was promulgated and put into effect; and on 7 September 1990, the "PRC Copyright Law" was promulgated and put into effect. Although it took much time, all three laws, which are likened to the "three pillars of intellectual property," were drafted under Ren Jianxin's care.

In 1991, WIPO Director General Bogsch wrote a letter to Ren Jianxin in which he spoke highly of his important contributions to China's as well as the world's intellectual property.

Moreover, at the time when Ren Jianxin worked in the legal affairs department of the China Council for the Promotion of International Trade, as China had not yet worked out a law on the management of and calculation in maritime affairs [hai shi li suan fa 3189 0057 3810 4615 3127], all the relevant affairs were handled in foreign countries. Under the care of Ren Jianxin and with his efforts over three years, the "China Council for the Promotion of International Trade Temporary Regulations on the Management of and Calculation in Maritime Affairs" (or "Beijing Regulations on Maritime Management and Calculation" for short) were finally drafted. Since the document's drafting, which simplifies the regulations generally used by the international community, China has had its own regulations on maritime management and calculation. For this reason, when the "Beijing Regulations on Maritime Management and Calculation" were promulgated in 1975, many foreigners were astonished: It was beyond our expectation that China could have worked out this law.

Because of his contributions in these fields, Ren Jianxin enjoys rather high prestige among people of the same occupation throughout the world.

Judicial Work Should Serve Economic Construction

At the 14th national conference on court work, which was held in July 1988, Ren Jianxin proposed "giving full play to the role of the judicial organs so that they can serve 'one center, two basic points' better." This was the most important achievement in his official career since being appointed president of the Supreme People's Court, and was regarded by Deng Xiaoping as the most valuable achievement.

Ren Jianxin summed up the important tasks of the people's courts as "protecting the people, punishing crime, promoting reform, and serving the four modernizations."

After Deng Xiaoping's south China inspection tour in 1992, Ren Jianxin reiterated that court work should serve reform and opening up. He told XINHUA reporters in July 1992: China's courts should serve the work of accelerating the pace of reform and opening up. It is necessary to protect, according to the law, people who have made contributions to reform and opening up but have made certain mistakes in their work. The people's courts are studying and working out some legal provisions on this issue so that those who have carried out reform and blazed new trails boldly and made great contributions in their production, management, and scientific and technological activities but who have made certain mistakes can be protected according to the law while taking resolute measures against economic crimes. As to the new economic disputes and cases, such as the cases concerning shares, for which there are still no laws or policies, the people's courts will handle them carefully and realistically in accordance with the relevant legal principles and with reference to the relevant practices and experiences of foreign countries and international practice. But those who have undermined the productive forces will be investigated and affixed with the responsibility according to law.

Ren Jianxin said: The Chinese courts are stepping up study of the question of how to strengthen judicial work in the economic development zones, special tariff zones, and bonded zones. For example, the plan for setting up a people's court in the Yangpu Development Zone is now under consideration, and some higher and intermediate courts may establish special courts for the trial of intellectual property rights cases when necessary. In the coastal and economically developed large and medium cities, the courts may establish special courts for the trial of real estate cases in light of the local situations.

Emphasizing "Enforcing the Law Strictly" After the 4 June Incident

From this we can see that the CPC's legal departments, headed by Ren Jianxin, are making positive efforts to carry out reform so that they can suit the needs of the market economy. But at the same time we must also admit that this reform is being carried out in strict accordance with the CPC's so-called policy of "attaching equal importance to both types of work." In other words, reform in the economic field will never be regarded as anything that is overdone, no matter how it is carried out, but there has been a big retrogression in reform in the political field compared with the time of Zhao Ziyang and Hu Yaobang.

Nevertheless, Ren Jianxin's formulation that court work should serve economic construction means great progress compared with the old viewpoint that judicial work should serve class struggle. Unfortunately, in less

than a year, the student movement broke out in 1989. After that, the courts at all levels, from central to local authority, wantonly tried large numbers of so-called "elements who have created political disturbances." Ironically enough, the CPC's court, represented by Ren Jianxin, who was a member of the Beijing University Council of the Students' Self-Administration Association in 1948, sentenced Wang Dan, chairman of the Beijing University Council of the 1989 Students' Self-Administration Association, to four years' imprisonment. Moreover, copying the method used by the KMT's Peiping Municipal Government in those years in order to arrest Ren Jianxin and other student leaders, the CPC's judicial departments published the wanted list in the newspapers and openly ordered the arrest of 21 student leaders headed by Wang Dan.

On 20 June 1989, the CPC's Supreme People's Court, headed by Ren Jianxin, issued a circular demanding that all local people's courts bring to trial "the counterrevolutionary elements and serious criminal offenders who have joined the counterrevolutionary riots and created disturbances in society" according to the law. For this reason, Ren Jianxin's prestige among the people dropped to a great extent. However, we must also admit that to a certain extent he was acting against his will at that time. According to the working personnel of the Supreme People's Court, when making a speech, Ren Jianxin usually repeated Deng Xiaoping's remarks made during his meeting with cadres of the martial law enforcement troops above the army level. But then he would repeatedly emphasize: "The law should be enforced strictly."

He admonished his subordinates: "The law should be enforced strictly." This point should be made clear under all circumstances. At the same time, in the circular of the Supreme People's Court, he also emphasized that it is necessary to "ensure the quality of cases" and "strictly follow the procedures provided by the Criminal Procedural Law and the NPC Standing Committee's 'Decision on Severe Punishment of Criminals Who Have Seriously Jeopardized Social Security' when carrying out independent trials and to strictly enforce the law in every link."

Special Relations With Qiao Shi

Although this circular was also aimed at coordinating with the CPC regime in suppressing the 4 June student movement, objectively, it played a role in curbing the indiscriminate killing of innocent people in disregard of trial procedures in Beijing, Shanghai, and other areas which appeared in the last days of June 1989.

To analyze Ren Jianxin's attitude toward the suppression of the 4 June movement, we have to say something about his relations with Qiao Shi. Judged from his work positions, he has been a direct subordinate to Qiao Shi. Therefore, it is normal that they maintain very close relations. But after the 4 June incident, something strange happened. On the morning of 4 June, the Supreme People's Court headed by Ren Jianxin sent a

cable to the central authorities to express support for the CPC's suppression. The message was sent under the heading "To Comrade Qiao Shi and members of the Political Bureau Standing Committee." On 7 June, when reporting this news on its front page, RENMIN RIBAO also used a similar headline: "The Supreme People's Court Sends a Cable to Qiao Shi and Members of the Political Bureau Standing Committee." But later, in all the messages sent by the other central organs, various military regions, and various provinces, autonomous regions, and municipalities, no name of any particular person was mentioned. For example, "To Comrade Qiao Shi" did not appear in the messages sent to the CPC Central Committee and the State Council by the Supreme People's Procuratorate and the Ministry of Public Security, which were also directly under Qiao Shi's leadership.

Another source said that in the Political Bureau, Qiao Shi never agreed to sentence Bao Tong to imprisonment, and Ren Jianxin also did not agree to handle issues concerning inner-party struggle by means of the law. Hence, in accordance with Qiao Shi's arrangements, Ren Jianxin and others put forth a suggestion, holding that it was unconvincing to sentence Bao Tong to imprisonment because there was insufficient evidence to prove that he had committed the crime of divulging secrets and the crime of counterrevolution. But at a Political Bureau Standing Committee meeting, Jiang Zemin insisted that Bao Tong should be sentenced to imprisonment, and there is no need to mention Li Peng's attitude, as it is known to all. Therefore, the final settlement could only be made by Deng, the patriarch, who ordered Bao Tong's imprisonment.

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HK0203092293 Beijing RENMIN RIBAO in Chinese
28 Feb 93 p 5

[Table of Contents for QIUSHI No 5, 1 March 1993"]

[Text] Speech by Jiang Zemin at the National Conference for Propaganda Department Heads on 15 January, 1993: "The Propaganda and Ideological Front Is an Extremely Important Front of Our Party"

Speech by Ding Guangen at the National Conference for Propaganda Department Heads on the 16th of January, 1993: "The Theory of Building Socialism With Chinese Characteristics Should Be Taken as Our Fundamental Guide"

Article by Yan Zhimin: "The Truth of Marxism Will Live Forever—In Commemoration of the 110th Death Anniversary of Karl Marx"

Article by the CPC Shenyang Military Region Committee: "Vigorously Develop the Lei Feng Spirit"

Article by Ma Bin: "A Significant Breakthrough in the Socialist Economic Theory"

Article by Zheng Bonong: "Literary and Artistic Creation and the Major Theme of Our Times"

Article by Ling Huan: "Earnestly Change Functions, Improve Labor and Work"

Article by Wan Liangshi: "Governments and Enterprises Should Take Initiative To Exert Themselves in Changing the Operational Mechanism of Enterprises"

Article by Liu Jinhui: "Enterprises Should Rely on Themselves in Changing Operational Mechanism"

Article by Cao Bochun: "Give Enterprises a Chance To Rest and Build up Strength"

Article by Li Ming: "How To Comprehend the Idea that Only After We Win Over the Youth Can We Win Over the Future"

Article by Xiao Chun: "Why We Should Act in Unison With the Central Authorities Ideologically and Politically"

Article by Gua Tian: "A Rare Foresight"

Notice Inviting Contributions to "Love Pea Cup" Essay Competition

Statistics Released by the State Statistics Bureau: "Fundamentals of National Economic Operation (January, 1993)"

Science & Technology

Nongovernmental Scientific Exchanges Increased

OW2702130193 Beijing XINHUA in English
0933 GMT 27 Feb 93

[Text] Beijing, February 27 (XINHUA)—China is boosting non-governmental scientific exchanges with the rest of the world, according to the China Association for Science and Technology (CAST).

CAST, a national organization, arranged for academic delegations that included 3,200 participants to visit various countries and regions last year, double the amount of the previous year.

In 1992, the association also sponsored 87 international academic conferences attended by about 10,000 participants; sent 658 people overseas to engage in advanced studies; and concluded eight contracts on technical cooperation with foreign countries.

An official at the association said soon after China established diplomatic relations with Israel last year, the association sent a delegation to Tel Aviv and concluded a series of non-governmental contracts on technical cooperation with Israeli organizations and research institutes.

Last year saw the association hold an economic, trade and technology seminar in the Netherlands for the first time and conclude contracts on cooperation with neighboring countries.

While expanding foreign academic exchanges, the association also made progress in cooperating with Taiwan, Hong Kong and Macao in various areas of science last year.

Satellite Technology Used in Civilian Production

*OW2702022793 Beijing XINHUA in English
0112 GMT 27 Feb 93*

[Text] Beijing, February 27 (XINHUA)—China has applied 1,800 items of its advanced satellite technology to boost production of civilian-use products.

Over 1,500 enterprises and research institutes all over the country have used such technology to develop products involving communications, telecommunications, and the metallurgical, petrochemical and energy industries. Light industry, medicine, broadcasting and environmental supervision have also benefitted. Many of the products have been exported.

China has converted satellite computer control to the monitoring of production in industrial enterprises.

Satellite stations have been widely adopted for telecommunications and weather forecasting. Satellite audio monitoring technology has been applied in security, broadcasting and storage.

Satellite technology has also been used to improve the standards of household products, including air-conditioners, medicines, edible oil, glass and refrigerators.

Satellite technology has long been listed among the top national defense priorities. But in recent years China has been opening this sector wider and wider to the outside. It has cooperated with several countries to launch international satellites.

New Organizations To Strengthen Medical Research

*OW2702124893 Beijing XINHUA in English
0740 GMT 27 Feb 93*

[Text] Beijing, February 27 (XINHUA)—Two new organizations have been founded in Beijing to strengthen the administration and step up new medicine research and development, according to today's PEOPLE'S DAILY [RENMIN RIBAO].

They are the Advisory Group and the Standing Committee of Experts both under the National Committee for New Medicine Research and Development set up on February 25.

China has attached importance to new medicine research and development and established a special foundation for research in 1987.

By the end of last year, the country had invested 10.5 million yuan (2.1 million U.S. dollars)—6 million yuan provided by government, 3 million yuan from the state pharmaceutical administration, and 1.5 million yuan from enterprises—in 100 research projects.

Members of the new advisory organizations are from the State Science and Technology Commission, Ministry of Public Health, the State Pharmaceutical Administration, the State Administration of Traditional Chinese Medicine, the Health Section of the General Logistics Department of the People's Liberation Army, the Chinese Academy of Sciences, the State Family Planning Commission, the State Education Commission and the Ministry of Finance.

Leaders Attend Science Awards Ceremony

*OW2602152593 Beijing XINHUA in English
1456 GMT 26 Feb 93*

[Text] Beijing, February 26 (XINHUA)—Senior party official Hu Jintao expressed his hope here today that the country would create a better climate and conditions for young scientists.

Hu is a newly elected Standing Committee member of the Political Bureau of the Communist Party of China (CPC) Central Committee.

He said, "to boost the economy we must rely on advances in science and technology."

He made the remarks when he congratulated nine young scientists on their winning or being nominated for national awards, on behalf of the CPC Central Committee and the State Council.

He pointed out that scientific and technological progress in China requires full cooperation between the older and younger generations of scientists.

The meeting took place at Zhongnanhai, where the party headquarters and the State Council are based.

Attending were alternate member of the CPC Political Bureau Wen Jiabao, State Councilor Song Jian, and several leading scientists, including Lu Jiaxi, Tang Youqi and Zhang Cunhao.

The awards were sponsored by the central committee of the Chinese Communist Youth League, the All-China Youth Federation and the China Youth Development Foundation.

Military

Fudan University May Reduce Military Training

HK0203070093 Hong Kong SOUTH CHINA
MORNING POST in English 2 Mar 93 p 10

[By Geoffrey Crothall in Beijing]

[Text] Shanghai's premier university, Fudan, is considering reducing the length of military training undertaken by students from one year to just one month. A spokesman said yesterday the university was "studying this question at the moment". "It is possible that the length of military training will be reduced to about one or two months," he said.

The news follows confirmation from Beijing University that students entering China's best-known institute of learning this year will not have to serve a full year at a military academy in Shijiazhuang as before. Military training for first-year students at Fudan and Beijing University was introduced in 1989 following the pro-democracy demonstrations that swept the campuses.

But both universities have seen a dramatic reduction in the number of applications for college entrance examinations over the past four years because of the reluctance of students to spend their first year in a military camp. To lure back students, both schools are to reduce the period of military training required to about one month, equivalent to the length of training performed by students at other major universities in the two cities.

But the Government is not willing to see the complete abolition of military training. A senior university professor in Beijing said: "One month's military training is still seen as a good way of putting freshmen in the right frame of mind before they start their studies."

Army Production, Operation Hit 'Record' Highs

HK0103130893 Beijing JIEFANGJUN BAO in Chinese
18 Feb 93 p 1

[Article by reporters Zhou Tao (0719 3447) and Ma Chunlin (7456 2504 2651): "Whole Army Production and Operation Hit Record Highs"]

[Text] Beijing, 15 February—The Whole Army Production and Operation Conference convened here disclosed good news: In 1992, the whole Army production and operation brought about two "accelerations" and two "overfulfillments," namely: acceleration of the pace of reform and opening up and acceleration of production and operation development; and overfulfillment of the total output value target and profit and tax target listed in the Eighth Five-Year Plan, registering a 16.68- and 19.88-percent increase respectively over the previous year, thus hitting a record high.

According to leaders of the Production Management Department of the General Logistics Department, various industries and trades of the whole Army witnessed a

huge increase both in total output value and in profit and tax in 1992 in comparison with the previous year. The total industrial output value and total mining industrial output value rose by 12 percent and 20 percent respectively; tertiary industrial output values by 30 percent and 17 percent respectively; and military horse ranch output values by 6 percent and 223 percent respectively [sentence as published].

Reporters learned that thanks to the correct policies formulated by the Central Military Commission and the general departments, as well as the concerted efforts made by the local governments and departments at all levels and all the personnel working on the production and operation front, the whole Army production and operation not only scored gratifying achievements, but also preliminarily set up a rationally laid out industrial pattern and professional pattern with distinctive characteristics. Industry and mining continually embarked on a road of expanding production by tapping internal potential; exerted their utmost in readjusting structure and improving efficiency; and preliminarily set up a number of pillar industries and trades, including coal, medical service, iron and steel, printing, food, building materials, automobile, and others. The proportion of tertiary industry, which involves less investment, is capable of quick returns, and possesses enormous potential, rose to 28.4 percent of the whole Army's production and operation. The whole Army also set up 20 enterprise groups and took a successful step toward conglomerate and intensive operations. Moreover, the total number of joint venture and cooperative enterprises (projects) built by the whole Army rose to almost 200. In 1992, the total number of projects agreed upon and the total amount of foreign capital used registered a 200 percent increase and 230 percent increase respectively over the previous year.

In the new year, the Army's production and operation will mainly aim at enhancing combat effectiveness and resolutely transforming enterprise operative mechanism, this being the central link, with emphasis on the following five aspects of work, namely, optimizing structure, raising efficiency, effecting level-by-level management, providing classified guidance, and successfully stepping up corresponding enterprise organization and operation form reforms.

Ordnance Industry Adjustment Accelerates

HK0103123093 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 18 Feb 93 p 1

[By Ji Xiaolei (1323 2556 4320): "Structural Adjustment in the Ordnance Industry Is Speeding Up"]

[Text] The Chinese ordnance industry was praised by people in the same trade across the world for its early success in transferring from military to civilian production. In the past year it has made outstanding achievements in adjusting its industrial structure and product mix. A recent national ordnance industrial work meeting

held in Beijing stressed that this adjustment will be speeded up this year and the structure optimized.

Now a product mix of "three major series with vehicles as the main component" has initially taken shape in the Chinese ordnance industry. These three major series include machinery, chemical industry, and optical and electrical products; whereas vehicles mainly refer to motorcycles and automobiles.

Production and sales in the ordnance industry speedily increased at the same time in 1992. The annual civilian products' output value grew by 37.2 percent and sales profit amounted to 207 million yuan, hitting a record high. The production and sales of mainstay civilian products remained strong. The production and sales of motorcycles almost reached 45 percent of the country's total output, with a sales volume of 843,400 motorcycles. A total of 21,400 Changan Brand minicars were sold, accounting for 25 percent of the production and sales of the same type of cars in the country.

Last year civilian products for exports amounted to 1.089 billion yuan, an increase of 80.5 percent over the previous year. The sales of seven kinds of mainstay products, including civilian guns and ammunition, motorcycles, automobiles, binoculars, and sighting lenses helped create a foreign exchange income of more than \$10 million.

To help mainstay civilian products develop to a certain scale of economy and to create a superior position in groups' competition, the China Ordnance Industrial Corporation will this year fully support the development of the Jiading, Jaishe, and Luoyang motorcycle groups so that these three groups' production capacity will reach 1.5 million motorcycles in 1995. In the meantime, the work of pooling capital for the establishment of the Changan automobile group is proceeding and a big move can be expected this year.

Using foreign capital and introducing technology have become an important way to carry out a structural adjustment in ordnance industry. Now ordnance industry departments have built 107 joint ventures. A number of joint-venture projects, such as Terex heavy duty trucks for mining purposes, north Luoyang's Yichu motorcycles, and Yada soft plastic tubes, are beginning to produce economic results.

In 1992, ordnance industrial enterprises arranged 124 technical transformation projects for civilian products, with a total investment of more than 1 billion yuan, 22 of which have been completed and put into production. A newly increased output value in 1993 is estimated at 1 billion yuan. In the meantime, high-tech achievements are being industrialized and changed into products.

Coexisting with this healthy and prosperous situation in civilian products is the overall losses which are troubling the Chinese ordnance industry. Making up the deficits and increasing the profits of ordnance industrial enterprises still remain difficult tasks.

Economic & Agricultural

Official on Understanding GATT Status Renewal

HK0103123893 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0706 GMT 20 Feb 93

[Text] Beijing, 20 Feb (ZHONGGUO TONGXUN SHE)—Tong Zhiguang, China's chief representative to talks on resuming China's GATT signatory status, leader of the Chinese negotiating team to the talks, and vice minister of foreign economic relations and trade, held here the other day that it is imperative to acquire a correct understanding of the issue of "resuming China's GATT signatory status."

Tong Zhiguang noted: Last year, China became the 11th-largest trading country in the world, with its export volume and import volume reaching \$85 billion and \$80.6 billion respectively. The world market has thus become extremely important to China. Nevertheless, China has to date remained outside the GATT, which is an "economic united nations." To seek an early resumption of China's GATT signatory status conforms to China's long-term and fundamental interests.

Tong Zhiguang maintained: It is true that a socialist market economy contains competition. It is even quite common for similar enterprises and similar products to compete with one another in China. Of course, China also has to participate in international competition. As a matter of fact, many products exported by China have already done quite well in international competition. After resuming its GATT signatory status, however, China will gradually become an international market. As a result, Chinese products will be able to compete with foreign products without going abroad. There will be three types of competition: First, domestically made products of good quality which will not fear competition; second, commodities with first-class materials, second-class quality, and third-class packing which will have to be "whipped" to improve before participating in competition; third, products whose production should be terminated even before they participate in competition. It is impossible for the "resumption of China's GATT signatory status" to have no impact on China's domestic market. Impact means competition. Nevertheless, enterprises with real capabilities will not be afraid of such an impact. For many years, a large number of Chinese products have made improvements, for they have entered markets, including domestic and international markets. As GATT allows national industries to be protected in various ways, there are insufficient grounds to believe that China's national industries will be adversely affected by imported products once China "is restored to its GATT signatory status."

Progress Made in Trademark Protection

OW0103151693 Beijing XINHUA in English 1438 GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—The number of validly registered trademarks in China climbed to

360,000 by the end of 1992, which made China one of the world's top countries in this area of intellectual property rights, a senior official said here today.

Liu Minxue, director of the State Administration for Industry and Commerce, said that the number of registered trademarks has increased sharply since the country's first trademark law was put into effect 10 years ago.

In addition to state-owned and collectively-run enterprises, private and foreign-funded enterprises have also applied to register their trademarks.

Commodities carrying registered trademarks have expanded from consumer goods to production equipment and agricultural products in recent years, Liu said.

Applications to register trademarks increased from 20,000 in 1983 to 110,000 in 1992, Liu added.

Before the trademark law was adopted, individuals or organizations from only 26 countries and regions registered trademarks in China. By the end of last year, some 68 countries and regions registered a total of 54,000 trademarks.

Over the past decade, China has set up an overall management system on trademark registration that employs 6,000 specialized workers, Liu said.

China has adopted a two-track method of trademark protection, under which holders can use not only legal measures, but also administrative organizations, to seek redress for violations of trademark law.

Over the past 10 years, administrative organizations throughout the country have handled more than 100,000 cases involving fake trademarks, including fake foreign trademarks, Liu said.

Liu noted that China has made great efforts to apply international standards in the country's trademark registration, and has adopted international classification standards.

China has set up 53 trademark agencies nationwide, which include five agencies dealing with foreign trademarks.

China has also strengthened exchanges and cooperation with international organizations, and it has greatly improved its position in the global intellectual property field, Liu added.

Following its participation in the world intellectual property organization in 1980, China also joined the Paris Convention for the Protection of Industrial Property, the Madrid Agreement concerning the Registration of Trademarks and the International Association for the Protection of Industrial Property.

China's increasingly expanded cooperation also facilitates Chinese enterprises in registering trademarks in foreign countries and in competing in the world market, Liu said.

To further develop China's trademark protection system, the 30th session of the Standing Committee of the Seventh National People's Congress held in February passed the decision to revise trademark law and a supplementary regulation on punishing the crime of falsifying registered trademarks.

Trade Ministry To Slim Down Administration

OW2602180593 Beijing XINHUA in English 1528
GMT 26 Feb 93

[Text] Beijing, February 26 (XINHUA)—China's Ministry of Foreign Economic Relations and Trade (MOFERT) has cut administrative departments controlling the operations of foreign trade companies and reinforced its role as policy-maker in this field by opening new research departments.

Li Lanqing, minister of MOFERT, said the ministry should focus on the macro-control of foreign trade by providing a complete system of regulations and drafting proper policies.

MOFERT has eliminated the department of imports and exports, and combined the original planning and finance departments into one.

At the same time, MOFERT has set up new departments for policy making and macro-control, such as the policy and development department, the economic coordination department and the storage and transportation department.

Since the beginning of this year MOFERT has cut the number of export goods requiring licenses by more than half. It has also granted export autonomy to more foreign trade enterprises and localities.

China has stopped subsidizing foreign trade enterprises. It encourages foreign trade companies to compete for development both on domestic and international markets. At present, the country is applying to re-join the General Agreement on Tariffs and Trade (GATT), so it is important that all foreign trade companies compete on equal terms, according to the official.

Low Taxes Proposed for Foreign-Funded Railways

HK0203100893 Hong Kong CHING CHI TAO PAO in Chinese No 7, 22 Feb 93 p 22

[From the "China Economic News" column]

[Text] To support the Chinese-foreign joint ventures in railway construction, the State Administration of Taxation has issued a circular on levying low-rate taxes on railway projects with foreign investment.

According to the current business tax regulations, the business taxes levied on various bureaus of the Ministry of Railways are collected at the rate of 5 percent, and the rate of business taxes for railways run by localities is 3

percent. It is now decided that the business tax rate for railways run by joint ventures is also 3 percent.

Preview of PRC Economic Growth Trend for 1993

HK0203063793 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0701 GMT 22 Feb 93

[Special article by Zhao Duan (6392 4551): "China's Economic Growth Trend in 1993"]

[Text] Beijing, 22 February (ZHONGGUO TONGXUN SHE)—How will China's economy develop this year? This question has become the focus of world attention. In order to make a more accurate estimate, it seems, we should first make an objective appraisal of China's economic situation in 1992.

It was reported that in 1992, China's annual GNP reached 2.398 trillion yuan, up by 12.8 percent over the previous year if calculated at comparable prices. The incremental industrial value realized in 1992 reached 1.912 trillion yuan, up by 20.8 percent over the previous year if calculated at comparable prices, representing the highest growth rate since reform and opening up began 14 years ago. The total social commodity retail volume reached 1.089 trillion yuan, up by 15.7 percent (or up by 9.8 percent in real terms with pricehikes factored in) over the previous year. The total amount of social investment in fixed assets reached 758.2 billion yuan, up by 37.6 percent over the previous year, representing the second highest growth rate since reform and opening up. In addition, experts had predicted that currency supply would grow by around 27 percent over the previous year. Due to a financial deficit for years running, financial budget deficit would exceed 20 billion yuan. Given the fact that China enhanced the overall national economic strength, registered an excessively fast economic growth and an excessively large investment scale, witnessed an excessively large currency supply, but failed to fundamentally improve the financial situation in 1992, experts believed that inflation would probably occur. China's excessively fast economic growth was the result of an excessively large investment scale and a relatively slow increase in consumption demand.

As regards economic growth in 1993, experts predict that the total GNP is expected to grow by 8-10 percent, a growth rate lower than that of 1992. This growth rate is based on three possibilities: If macroeconomic regulation and control are effective and international economic environment remains unaffected by detrimental factors, the economy is expected to grow by around 10 percent. However, if detrimental factors arise, the economy is expected to grow by 9 percent, or even 8 percent. Nevertheless, experts hold that the 12.8 percent economic growth registered in 1992 was realized on the basis of a 7.7 percent growth rate attained in the previous year. Given the big base attained in 1992, even an 8 percent growth of GNP will be a very high growth rate in

1993. Experts predicted that in 1993, the fixed assets investment scale is expected to remain basically at or exceed the 1992 scale.

Experts believe that the total social commodity retail volume is expected to grow by 15-17 percent in 1993; prices are expected to go up by 6-8 percent, representing a higher growth rate than in 1992. China will probably be able to resume her GATT signatory status in 1993. Thus, as regards the balance of international payments, experts believe that both international payments surplus and deficit are expected to stay at the 1992 level. Due to a continual high-rate economic growth, factors restricting economic growth, such as insufficient supply of energy as well as raw and processed materials and inadequate communications and transportation capacities, are bound to multiply.

The reports said that the overall estimate is: In 1993, the economy will continue to grow at a relatively high rate, but a rate lower than that of 1992. The growing consumption demand will further press ahead with the economic growth. The fixed assets investment and net import will stay at the 1992 level. The supply-demand relations will tend to be tense. The retail prices will attain a higher growth rate than in 1992.

Due to the multiplier effect [cheng shu xiao ying 0042 2422 2400 2019] of the high growth of 1992, various localities and departments have now set off a new upsurge in demanding a faster economic growth. To guarantee a steady and coordinated national economic growth, some experts have proposed that in 1993, the state should adopt tighter macroeconomic policies and employ a variety of regulation and control means to appropriately control economic growth so as to stabilize investment scale, readjust investment structure, and control currency supply, and to practically guarantee an increase in the income of citizens, especially in the income of peasants, vigorously develop tertiary industry, and expand consumption domain for citizens on the basis of a more expeditious reform.

Official Outlines 'New Problems' in Economy

HK0203063593 Hong Kong CHING CHI TAO PAO in
Chinese No 7, 22 Feb 93 p 22

[From the "China Economic News" column: "Yuan Baohua on New Problems in the Current Economy"]

[Text] At a recent meeting, [Central Advisory Commission member] Yuan Baohua warned that special attention should be paid to some new problems in the process of economic growth, which he identified as the following:

First, it is necessary to prevent an overheated situation in the economy. At present, attention should be particularly paid to the fever for establishing development zones, for investment, and for the real estate business. Some localities have continued to issue IOU's to peasants. This shows that they have been using the money to

purchase agricultural and sideline products for the above-mentioned frenzied activities.

Second, enterprise operations have not actually been invigorated yet. Even in the Shenzhen Special Economic Zone, some state-owned enterprises still face mountains of difficulties in their operations and complain that they cannot actually exercise decisionmaking powers. The situation in other localities may be even worse.

Third, through running business companies or organizing enterprise groups, some government departments continue to issue mandatory administrative orders. Some companies and groups are not only "bosses" but are also "administrators." If this trend continues, some new official-merchant monopoly groups will take shape.

Fourth, enterprise management is getting worse. Last year, it was found that some enterprises which were managed properly in the past began to loosen management and discipline. As a result, product quality and economic efficiency declined.

Yuan Baohua finally said that, over the past few years, things have improved somewhat through overcoming the phenomenon of "one hand being tough but the other hand being soft." The situation has not been fundamentally changed, however. For example, enterprises and people producing inferior and counterfeit goods have merely been fined; antipornography measures were not effective enough; and corruption and bribery-taking still exist. All such problems must be seriously solved.

Daily Views 1992 Production Losses in State Firms

HK0203044793 Beijing CHINA DAILY in English 2
Mar 93 p 2

[By staff reporter Wu Yunhe: "State Firms Suffer the Most Losses"]

[Text] Military, tobacco, coal mining, and petroleum enterprises are bearing the brunt of production losses by State-owned industries, the State Statistics Bureau said yesterday.

The bureau pointed out that in 1992, problems causing State-owned firms to lose money were still quite serious, as ongoing massive investment failed to lead to an expected increase in their economic efficiency.

Showing a contrast with other economic sectors, the shrinking demand for military products and a heavy tax levy and monopoly system for tobacco, coal and petroleum hindered these enterprises from introducing a market mechanism.

Last year, the country's industrial enterprises saw their operational loss hit nearly 441.2 billion yuan (\$76 billion), the same as the previous year.

State Losses

State-owned enterprises made up 80 percent of that, said the bureau, which added the majority of these firms were from military, tobacco, coal mining and petroleum sectors.

The bureau's economists indicated that the losses made by these firms were, to some extent, attributed to twisting government policies which interfere too much in their management.

Analysts said the situation will remain unchanged this year, in spite of the fact they are all pillar enterprises of the country's economy.

In 1992, the deficit-ridden enterprises in light industry reported a loss of 17.69 billion yuan (\$3.1 billion), up 3.2 percent, but the loss made by heavy industrial enterprises dropped 1.6 percent over the previous year to 26.5 billion yuan (\$4.6 billion).

Aggravating problems, such as low sales growth and surging production costs, all showed that deficit-ridden light industrial State enterprises tend to be the Achilles heel of China's economy.

Efficiency

The bureau said economic efficiency of heavy industrial enterprises started to improve last year because their production was sparked by a sharp increase in fixed-assets investment, and the markets also became robust for raw materials and capital products.

Production scale of the country's industrial enterprises increased 25.3 percent from 1991 to 1992, with sales climbing 24.3 percent.

The bureau's economists explained that generally speaking, China's industrial enterprises, which were making desperate efforts to improve their economic efficiency, achieved some good results in 1992 but at the expense of large investment.

Last year, China's industrial enterprises witnessed their generated profits and taxes increase by 11.6 billion yuan (\$2 billion) over the previous year.

Their profits for 1992 jumped 11.3 billion yuan (\$1.9 billion) from 1991.

Overheated Development Poses Policy Challenge

HK0203045093 Beijing CHINA DAILY in English 2
Mar 93 p 4

[From the "Opinion" page; article by Chen Xiao: "Zone Overheating Poses Policy Woe for State Planners"]

[Text] The overheating of some development areas poses a challenge for China's policy-makers—should they use traditional administrative measures or economic leverage to cool things down?

At the end of 1992, the central government banned township governments from opening new development areas. Later on, it ordered local governments at all levels to suspend approval of development areas.

It seems that the central government again is taking back the right to approve land leasing into its own hands. Actually, such action is not unusual during a reform period, when the central authorities believe things are out of control.

However, a fatal weakness of the administrative decrees lies in their indiscriminatory nature. Each locality has to abide by the order.

Plainly, this has had the effect of dampening development momentum in coastal areas where economies are relatively developed and foreign investments are pouring in.

This is one of the costs of administrative decrees.

A township magistrate in Guangdong Province said his town had to pen new development areas to allocate fresh foreign investments.

Besides, further development of rural industry in coastal areas requires improved efficiency by concentrating scattered firms. Therefore, more and more towns are opening up new industrial areas, some of which are named development areas to attract foreign investment.

For the central authorities, they should have known mandatory methods are not as efficient as the days under the traditional planned regime, when all the rights were held by the central government.

Reform has destroyed the old interest pattern and given rights to local governments, which have learned how to make appropriate adaptations in the enforcement of the central government's orders.

On the way to a market economy, government should amend its macro-economic controlling methods.

While keeping some necessary administrative decrees during the transitional period, the government should learn how to use economic leverage.

Development areas which appeared in the mid-1980s can enjoy preferential policies to lure foreign investments and advanced technologies. They are the pioneers in China's open-door trend.

Until early 1992, the approval of new development areas were strictly controlled by the central government.

The situation has made an about-face after Deng Xiaoping called the country to be "bold with reform," in his tour of the South in January and February last year.

Incomplete statistics show that there were more than 1,800 various development areas above the township level by the end of last October.

The mushrooming of development areas marked that China's open-door policy has spread from the coastal to inland areas, awakening desires in inland provinces.

Last year witnessed the biggest amount of foreign investments nationwide. About \$11.2 billion had been input, increasing 1.6 fold compared with the figure of 1991. The success can be partly traced to the mushrooming development areas.

Moreover, the overheating of development areas is also an economic result of the three-year austerity period (1988-91). The momentum that was accumulated has been accelerating the local economies.

But new problems cropped up—more and more arable land has been enclosed, the quality of some development areas is worrying and expanding investment projects will spell high inflation.

The total development areas have covered 20 million mu (1.33 million hectares) of arable land. This will reduce the grain harvest by 10 billion kilograms, if one mu can grow 500 kilograms.

Some inland provinces have gone crazy with setting aside development areas, though they do not have the environment to attract foreign investment. On one hand, land is wasted and on the other hand, they compete with others to offer more preferential conditions for foreign investors, such as cutting the tax rate and reducing land leasing prices.

By the same token, the construction of too many development areas will probably cause inflation.

Expanding construction will continue to consume raw materials, energy and transportation, whose supply has been fallen the demand. If the heating trend is not checked, the hidden inflation will be realized later this year.

To rush headlong into opening development areas also reflects problems in the government system. Local authorities are looking to advance their official careers without considering efficiency of their locality's resources. Such desires have caused poor short-term behaviour.

These unhealthy phenomena have caused the central government to throw a wet blanket over the opening of development areas.

To reduce the costs brought by indiscriminate administrative decrees, economic leverage can be brought in at the same time.

Tax collection on the use of arable land should be strengthened to avoid the development areas from nibbling away too much arable land.

Regulations should be issued to strengthen the management of land leasing and transferring to reduce land speculation in the name of opening development areas.

And interest rates could be raised to limit the investment scale in development areas.

After the 14 years of market-oriented reform, the central government should have learned how to use economic leverage to control the economy. And it has to!

Article Views Contract Responsibility System

HK0103003593 Beijing RENMIN RIBAO in Chinese
17 Feb 93 p 5

[Article by Zhao Huazhou (6392 5478 5153): "How To Understand the Long-Term Stability of the Contract Responsibility System With Remuneration Linked to Output"]

[Text] The 14th CPC National Congress reiterated: "It is necessary to at once stabilize as the basic systems for a long time and constantly enrich and perfect not only all contract responsibility systems—especially the contract responsibility system on a household basis with remuneration linked to output, but also the two-level operational structure that combines centralization and decentralization," this being an extremely important guiding ideology for the rural work. We must try to acquire an in-depth understanding of it and resolutely implement it.

The great contributions made by the contract responsibility system on a household basis with remuneration linked to output toward China's agricultural development have already been universally acknowledged. The present questions are: After displaying its mighty power for over a decade, how much potential does the system still possess? Will the system be able to exist for a long time to come? Some comrades are still ideologically uncertain about these questions. Thus, we should not only try to convince the broad masses of cadres and peasants of the simple truth that the contract responsibility system on a household basis with remuneration linked to output will remain unchanged for a long time to come, but should also try to make them understand that such "long-term stability" is based on scientific policies formulated by the party and government in light of objective realities and is definitely not an expedient promise to the peasants.

The "CPC Central Committee Decision on Further Strengthening Agricultural and Rural Work," which was adopted by the Eighth Plenary Session of the 13th CPC Central Committee, made a comprehensive and in-depth analysis of the objective basis upon which the contract responsibility system on a household basis with remuneration linked to output will be able to remain stable for a long time to come. In my view, there are two major points worth mentioning here: First, the system represents the self-perfection and self-development of the collective economy, and, second, the system is one under which productive forces at different stages are allowed to coexist with one another. The system's extensive applicability, vigorous vitality, and strong appeal to hundreds of millions of peasants have embodied these two major points in a centralized way.

It is true that the contract responsibility system on a household basis with remuneration linked to output represents the self-perfection and self-development of the collective economy. The opposites of the system are "a larger size and a higher degree of public ownership" and "eating from the same big pot," not the collective economy. The system represents movement toward a developed socialist agriculture in China—not an expedient measure making concessions to the peasants. After seizing state power, the proletariat should try to bring hundreds of millions of small-scale peasants toward a collectively owned economy, this being the basis, so that they will be able to embark on a road leading toward common prosperity. This has remained one of our firm and unshakable strategic goals. Nevertheless, the present questions are: What is the proper way to realize the collective ownership system? What is the way that most conforms to our national conditions, is most acceptable to the broad masses of the peasants, and is most conducive to the growth of the productive forces? There is no one we can turn to for any successful experiences in this area. Practice over the past 20 years or so has proven, however, that the "larger size and a higher degree of public ownership as well as a high degree of centralization" pattern has not worked. It was not until after the Third Plenary Session of the 11th CPC Central Committee that the CPC found a new road after having explored creations made by the masses, which is: To introduce the household operation to which the peasants have been accustomed for hundreds or even thousands of years into the collective economy by using contracts, which means the contract responsibility system on a household basis with remuneration linked to output. The system has combined centralization with decentralization and proper separation with close integration. It has taken into account agricultural production with complex characteristics and has met the peasants' demand for decisionmaking powers over production and distribution within the framework of the collective economy. In so doing, it rid the former structure of its long-standing defects, while inheriting the positive achievements of the cooperative transformation and bringing into play both the advantages of the collectives and the enthusiasm of individual peasants. The system has unleashed great amounts energy unknown in the past, with the result that the country's agricultural production and rural economy, which had been stagnant for quite some time, began to display vigor after a series of corresponding policies and measures were implemented.

People have gained an essentially unanimous understanding of the socialist nature of the contract responsibility system on a household basis with remuneration linked to output. They still remain uncertain, however, as to whether the system will be able to meet the needs of agricultural modernization. This question is seen as a major basis for popular skepticism about the system's long-term stability.

We should understand that, while a two-level operative mechanism is being gradually refined, the contract

responsibility system on a household basis with remuneration linked to output is becoming more extensively applicable. The system is applicable not only to backward productive forces but also to relatively advanced productive forces. We should look at this question in two aspects: On one hand, agriculture-oriented scientific and technological progress has made it possible to apply more chemical and biological technology, rather than simply mechanical technology. The application of chemical fertilizers, farm chemicals, improved varieties of crops, and other technologies has made small-scale and highly efficient farming possible. In a sense, these conditions are favorable to household operation. On the other hand, as a result of agricultural specialization, division, and coordination, many preproduction, in-production, and post-production links have been separated from the general agricultural production process and have become independent social service departments that provide peasant households with all sorts of services and are capable of efficiently tackling such problems as qualified personnel, goods and materials, and fund shortages for peasant households that use modern science and technology.

On the issue of whether the contract responsibility system on a household basis with remuneration linked to output is applicable to the advanced productive forces, we should try to clarify one more issue, namely, the issue concerning relations between contracted household operation and economies of scale. According to traditional concepts, household operation, which is small in scale, cannot generate the same amount of efficiency as economies of scale can. Insofar as this issue is concerned, we should try to relearn the concepts of scale agricultural operation and scale efficiency. To raise labor productivity and the rate of farm products becoming commodities, an operational unit which cultivates a large amount of land and a work site which receives a large input of labor will certainly concentrate on expanding cultivation. This process results in an economy of scale and achieves scale efficiency. The process of linking scattered peasant household operations through a systematic and socialized service with a view to making joint labor possible on the basis of a large-scale cooperation and promoting rational organization of all essential production elements except land is also considered an economy of scale with scale efficiency. It seems that the second pattern, which is known for its smaller production units and larger scope of cooperation, conforms not only to the peasants' needs but also to the development of a specialized, commercialized, and socialized modern agriculture; it is capable of generating more efficiency. At present, areas throughout the country are taking this road by making real efforts to establish and perfect a socialized service system.

When implementing the principle of long-term stability in real work, we must pay particular attention to correctly handling relations between long-term stability on the one hand and perfection on the other. Despite its inherent superiorities, which will remain useful for quite

some time to come, the contract responsibility system on a household basis with remuneration linked to output is far from perfect. As far as the mechanism is concerned, the system has proven to be weak in handling water conservancy, crop breeding, and key production links and is incapable of integrating supply, production, and marketing links and expanding the scale of the accumulation of reproduction. As far as work is concerned, when the system was first established, arable land was far too scattered in some areas. Furthermore, property previously owned by collectives which should not have been distributed was distributed. As far as the requirements for building a socialist market economy are concerned, a new mechanism must be set up to enable tens of thousands of households to meet the demands of a large market and have their production acknowledged by society. This situation requires us to further improve and perfect our work and strive to push the development of the contract responsibility system with remuneration linked to output onto a new stage. Nevertheless, all measures aimed at refining the system should only be enforced on the premise of the sustained stability of the system. On no account should we try to refine the system at the expense of its stability. In the area of perfecting the two-level operational structure, at present, we should actively develop the unified collective operation by following the following principles: To mainly provide services to peasant households, create conditions under which the potential of household operations can be tapped, and not to set up a separate kitchen by abandoning household operation. To become involved in certain positive activities in light of actual conditions whenever possible, especially in those areas in which peasant households would like to take action but are incapable of doing so, and to avoid competing with peasant households in areas where they are capable of taking action. To make strenuous efforts to exploit new resources, open up new production channels, increase collective accumulation by developing production, and to avoid following the beaten track of "egalitarianism and indiscriminate transfer of resources."

We should strive for both stability and perfection of the system. We should secure the healthy development of the contract responsibility system with remuneration linked to output by stabilizing and perfecting it. This is at once a reliable guarantee for faster rural reform and construction and a basic requirement for creative rural work.

State Council on Independence of Enterprises

OW0103152293 Beijing XINHUA in English 1446
GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—China's State Council recently urged government organizations to sever all connections with enterprises they have established over the course of readjusting the structure of official organs.

Chen Qingtai, deputy director of the economic and trade office under the State Council, said all enterprises sponsored by government organizations must be totally independent in their financial affairs and should not have any administrative functions.

Statistics show that by the end of 1992, there were 486,700 registered firms and corporations in China. However, some of these enterprises were just copies of government organizations, with administrative functions and rights, while some enterprises were forced to join groups sponsored by government organizations.

Chen Qingtai said that enterprises and groups that combine government and enterprise functions have violated relevant state rules and regulations.

The economic and trade office will carry out an investigation to ascertain whether these enterprises have severed all connections with government organizations.

Chen also encouraged enterprises that have been forced to join government-sponsored groups to lodge complaints with the state council.

The deputy director said that surplus officials from government organizations should be encouraged to form enterprises to contribute to the development of the service trade, but are not allowed to retain official rights or powers.

New Laws for Township Enterprises Initiated

OW2802151393 Beijing XINHUA in English 1448
GMT 28 Feb 93

[Text] Beijing, February 28 (XINHUA)—The Ministry of Agriculture of China has recently worked out a series of regulations to boost the development of the country's township and village enterprises.

The regulations made an explicit statement as to the objectives and contents of the reform of China's township and village enterprises.

These enterprises are encouraged to carry out a shareholding system, stick to and improve various systems of responsibility in order to make their operations more efficient and productive.

They are also encouraged to set up enterprise groups by way of cooperation or integration together with enterprises in other parts of the country.

In addition, the regulations make it a point of safeguarding the interests of workers in township and village enterprises, including their pensions.

According to state government statistics, China presently boasts more than 19 million township and village enterprises, whose industrial output value accounts for one-third of the country's total.

State Council Firm on Fairness in Enterprises

HK0203043693 Beijing CHINA DAILY in English 2
Mar 93 p 2

[By staff reporter Zhang Yu'an: "Call for Fair Play in Enterprises"]

[Text] The State Council has re-stressed its firm stand that companies established by government departments must fully separate from their original units both economically and administratively in order to guarantee smooth construction of a market economy.

In the process of government restructuring and transfer of government functions, which are aimed to cut over-staff and raise work efficiency, it is a must to establish companies to make proper arrangements for the laid-off personnel, said a senior official from the State Council.

Companies established by government departments at all levels must separate from their original units, cut their administrative ties with the units and should be fully responsible for their own losses and profits, the official said.

The establishment of enterprise groups must be on a voluntary basis and no administrative means can be used in drafting group members by the government departments.

Quite a few government organization-established companies have allegedly taken over the rights and interests of enterprises and even deprived them of their legal status in order to make the enterprises subsidiaries of administrative bodies.

These activities are "not reform but retrogression" and they not only harm the establishment of the market economy, but also "may strengthen industrial monopoly and suffocate the vitality of the market", the official warned.

The official also said it is clear that it is still not an easy job to implement the regulation on the transfer of operation mechanism of State-owned industrial enterprises, which was promulgated last year and aims to give more freedom to enterprises in many fields, including investment, production, personnel and trade.

Thus, the official said it should be a fixed rule that government organization-established companies must separate from their original units and no administrative means be allowed in establishing enterprise groups so as to create a fair environment for enterprises' competition and development.

Trade Office Cited on Enterprise Regulations

OW2802140493 Beijing XINHUA Domestic Service in
Chinese 0604 GMT 22 Feb 93

[By reporter Xu Yaozhong (1776 5069 0022)]

[Text] Beijing, 21 Feb (XINHUA)—This reporter has learned from the State Council's Economic and Trade Office [ETO] that, while all regions in the country and relevant State Council departments have achieved substantial progress and preliminary results in implementing the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises," they are still quite far behind from meeting the requirements set for the entire country. The ETO urges all regions, departments, and enterprises to make genuine efforts to promote the implementation of the "regulations" so that, by the of this year, the majority of enterprises in the country will operate with mechanisms prescribed in the "regulations."

The ETO maintains that the preliminary results achieved in implementing the "regulations" can be observed in the following aspects:

—The formulation of "implementation measures" and supporting regulations has been intensified. By mid-February, relevant departments of the state had finished examining 32 of the 43 sets of "implementation measures" and supporting regulations which various regions in the country and relevant State Council departments had submitted for examination; and six provinces and regions—including Shandong and Yunnan—and four departments—including the Ministry of Commerce and the Ministry of Railways—had officially promulgated their measures for implementation. Some provinces and cities have achieved new breakthroughs in drawing up their "implementation measures."

—Enterprises are gradually exercising their autonomy in 14 areas. According to a survey conducted in 13 major enterprises in 11 regions, these enterprises are able to enjoy autonomy in deciding their production, setting prices of their goods, marketing their products, purchasing materials and equipment, and controlling the use of the capital they hold. Meanwhile, they enjoy only partial autonomy in five areas, including the disposal of assets and management of personnel, which are hard to be fully granted. Moreover, they still cannot enjoy autonomy in these four areas: deciding on investment projects, importing and exporting products, hiring workers, and rejecting the proration of expenditures.

—Certain departments and governments of some regions have started to change their functions, the work of replacing operating mechanisms has continued to make headway in selected enterprises, and documents are being screened and those documents which contravene the "regulations" have been retracted. Furthermore, momentum has been created in studying, publicizing, and implementing the "regulations," thereby heightening public awareness of implementing the "regulations."

After analyzing the issues, the ETO maintains that current projects of implementing the "regulations" and replacing operating mechanisms are affected by five problems:

First, government departments have yet to reduce the number of their organs, and the sluggish process in replacing their functions has hindered the formulation of measures for implementing the "regulations" and supporting regulations. Certain departments have displeased enterprises by setting up "cloning" companies [fan pai gong si 5064 3654 0361 0674] or "rag-tag" group companies [la lang pei ji tuan gong si 2139 6745 6792 7162 0957 0361 0674]. This has seriously hindered the implementation of the "regulations."

Second, the sluggish progress in establishing a market system and social security system has hindered enterprises from moving toward the market and enjoying autonomy.

Third, it is still unclear as to which level operating autonomy should be granted—whether to specialized national corporations under the State Council and also to enterprises under these corporations, or to enterprise groups as well as to affiliated enterprises?

Fourth, certain regions have failed to be specific in organizing the implementation of the "regulations," and overlapping functions have hindered the implementation of "regulations."

Fifth, the work of some regions, departments, and enterprises has been slowed down by their wait-and-see attitude. Some departments are waiting for organizational restructuring and they have yet to come up with measures or regulations for implementing the "regulations."

The ETO maintains that this year is crucial for implementing the "regulations," saying that the mission to achieve the goals set forth by the National Economic Conference—namely, that state enterprises in the country should basically enjoy autonomy in 14 areas prescribed in the "regulations" and that the majority of enterprises should install operating mechanisms prescribed in the "regulations" by the end of the year—is highly formidable. For this reason, the ETO has set forth the following requirements for implementing the "regulations" this year:

All regions and relevant departments under the State Council should work in coordination to step up formulating implementation measures or supporting regulations. Regions should draw up their implementation measures by the end of February and departments should strive to have the project accomplished in March.

Continual efforts should be made to screen the existing laws, regulations, and administrative orders. This project should proceed simultaneously with formulating implementation measures and supporting regulations. Efforts should be made so that policies will not contradict one another.

Thorough investigation and study should be conducted, guidance should be provided according to the nature of different projects, and typical examples of implementing the "regulations" should be used to guide the work in all areas.

Inspection should be intensified, the "regulations" should be enforced, and those regions and departments which have successfully implemented the "regulations" should be commended. Those regions and departments whose performance is poor should be assisted, and those which have withheld autonomy in violation of the "regulations" should be seriously handled. Local law enforcement organs should have telephone numbers through which the masses can report lawless conduct, and they should earnestly hear people's complaints.

All localities and all relevant departments must earnestly sum up their experiences in implementing the "regulations," and they should promptly study solutions to problems encountered during the implementation of the "regulations" in order that the implementation of the "regulations" can proceed normally.

The press and propaganda departments should continue to create an upsurge in publicizing the need to implement the "regulations" in order that people in society will become attentive to implementing the "regulations."

Beijing Steps Up Check of State Property

OW0103140193 Beijing XINHUA in English 1336
GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—In a major move to improve the management of state property and prevent it from being misappropriated during ongoing economic reforms, China will assess state assets and capital in more enterprises and government establishments this year.

Tang Bingwu, director of the State Administration of State Property (SASP), stated today at a national meeting on the review of state property that a widespread check on state assets will be conducted in government departments and official bodies this year.

The aim of the review, according to Tang, is to prevent state property from being transferred or misappropriated during the current drive to streamline the government and reform the economy.

The review is scheduled to be completed by the end of June, with the results to be compiled by relevant departments.

The SASP official said that the structure of some state enterprises will be improved by separating ownership from management of state property. To reach that goal, the state will increase the number of pilot enterprises and carry out verification of both assets and capital.

Last year, six large state enterprises under the central government and 45 locally-controlled companies were involved in the review.

Though the number and identity of state firms to be reviewed this year were not revealed, the SASP sources said the inspections would extend to large and medium-sized enterprises in important economic sectors, and to inefficient key state firms and companies in such new industries as electronics and telecommunications.

Most enterprises in coastal areas and special economic zones will also be involved.

The review will ascertain the financial condition of and state assets held by each firm, and will reevaluate those assets, according to the SASP official.

The check is believed necessary to ensure the success of China's economic reform program.

China plans to check state assets and verify capital on a national scale in 1994. SASP authorities said they hoped this year's experimental review would pave the way for the upcoming massive review.

Country Ranks Ninth in World Shipping

OW0103134393 Beijing XINHUA in English 1316
GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—China now ranks ninth in the world in merchant shipping tonnage.

Dong Jiufeng, chief register of shipping in China, said today that in 1992 a record 36.8 million passengers were carried, and cargo topped 292.8 million tons.

China belongs to the International Maritime Organization and is among the top eight of the 137 member countries.

In recent years the volume of China's international trade had risen by 20 million tons annually. Last year the total reached over 200 million tons, accounting for over 85 percent of China's total import and export volume.

China's ships travel to over 1,100 ports. Foreign ships from 150 countries use China's ports.

In 1992, China's shipyards turned out ships with a total of more than one million tonnage. It also made more than 300,000 containers, one third of the world's demand for ship-borne containers.

At the same time China has tightened up regulations on safety and quality control for shipping. Dong said. All vessels carrying more than 100 passengers or over 1,000 tons of cargo must apply for clearance.

The register of shipping in China is a government agency specializing in the supervision and examination of ships and facilities to guarantee safety and offshore facilities, and prevent water pollution.

Credibility Ratings for Banks Planned*HK2802080393 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 28 Feb 93 p 2***[By Ren Kan: "Ratings for Overseas Borrowers"]**

[Text] China is introducing a measure of competition to its overseas borrowing by applying credibility ratings to domestic financial institutions on a trial basis.

Analysts said the move will change the country's existing overseas borrowing structure, under which only 10 institutions are authorized to bring in foreign capital.

The measure will ensure the country's best financial institutions, which have highest credibility and strongest financing ability, are the country's major channels for foreign debts, said Qiao Rui, head of the foreign debt and investment department of the State Administration of Exchange Control.

Qiao said the 10 authorized institutions, which are called in China "windows of borrowing abroad," had made great contributions in the country's overseas borrowing in the past, but added the old setup cannot meet the demands of current economic growth.

With the adoption of the rating system, these "windows" will be closed if they cannot meet the rating standards. On the other hand those which had not been included previously will have the chance to enter the overseas capital market if they can get a high rating.

Qiao said the government is considering the establishment of an authoritative rating committee and a rating organization with the form of shareholding.

And the country will learn from foreign experience to set up some rating indexes and a management system.

The administration will take another important step to improve foreign debts management, Qiao said.

He said his administration is considering expanding its experiment on outstanding debts management for medium and long term foreign debts.

Qiao said some regions or financial institutions will probably be selected for new pilot programmes.

The central government will give them a fixed amount of outstanding foreign debt in a certain period.

They can borrow more from foreign countries as long as they speed up debt service and keep their debt size under the fixed ceiling.

Qiao declined to give further information about new pilots, but he said those which do much foreign trade and enjoys a high rating in foreign debt management will be the hot candidates.

China has already applied outstanding debt management to its short term foreign debts since 1986, but the trial on

the medium and long term debts, which accounted for 85 percent of the country's total foreign debts, just started last year.

The China International Trust and Investment Corporation (Citic) was allowed to borrow overseas without government approval last year provided it does not exceed the ceiling set for its volume of foreign debt for the five years ending in 1995.

Along with the steady growth of the national economy, China needs more foreign capital, which means the volume of foreign debt will keep on rising in the coming years.

But, Qiao said, the increase should be kept within a reasonable margin and match the growth of the economy and its volume of foreign trade.

Since 1979, China has actively and steadily made use of foreign capital. By the end of 1991, China's foreign debt stood at \$60.56 billion and it continued to increase last year.

But the country has successfully kept its foreign debt under management and its debt service ratio is still well below the internationally-acknowledged danger level.

And the mix of currencies from foreign borrowings, the maturity periods and interest rates have been kept basically at a manageable level.

Qiao said, China's bond issues in the international monetary market are expected to enjoy a steady increase in the future.

By the end of last September, seven Chinese financial institutions had floated \$6.72 billion worth of bonds internationally.

These issues reached most financial centres, including Tokyo, London, Frankfurt, Hong Kong and Singapore in U.S. dollars, Japanese yen, Hong Kong dollars and Deutsch marks.

The money raised has helped finance key sectors of the economy, including petrochemicals, energy, transportation and metallurgy.

'Special-Purpose' Export Financing Bank Planned*HK2802080293 Hong Kong SOUTH CHINA SUNDAY MORNING POST (CHINA BUSINESS REVIEW) in English 28 Feb 93 p 1***[By Kennis Chu]**

[Text] China's Ministry of Foreign Economic Relation and Trade (MOFERT), one of the most powerful agencies in Beijing, is to open an export financing bank. Referred to as a "special-purpose" bank, it will be the first of its kind in the mainland, and is expected to assist in the implementation of specific government policies. It will also be the first Chinese bank owned by a government ministry. MOFERT will set up three to four

branches of the new bank in commercial hubs, such as Shanghai, Guangzhou, Shenzhen and Dalian.

"The proposal is in a preparatory stage. It will be a bank for export financings," said Mr Long Yongtu, director-general of MOFERT's Department of International Trade and Economic Relations. Mr Long decline to provide more details. But a senior official at MOFERT's General Planning department, which is in charge of the project, said: "The state department has agreed in principle that we can run a bank. But no official statement has been issued. It's a sensitive period to release any information." The bank's business scope would be very limited, he said, adding that more details could be available in two weeks.

Another banking source in Beijing said: "The bank will be something like the Export-Import Bank in the U.S..... It will provide credit guarantees for mainland exporters on large and medium-sized shipments." It is understood a number of these special-purpose banks will open in the next few years.

The proposal was first put forward by MOFERT a few years ago. It faced strong resistance from other mainland banks until last year when it worked out a compromise with the Central State Council. It is understood that major resistance came from the Bank of China, which is concerned that the new bank would expand its scope into general trade financing businesses, such as issuing letters of credit.

The Bank of China has branches all over the world, with trade financing being its specialty. Hundreds of export and import companies under the umbrella of MOFERT are major clients of the Bank of China. The Bank of China fears that if MOFERT runs a trade financing institution it could attract the bulk of business from the ministry's subsidiaries.

At the moment, the ministry is only permitted to provide credit guarantees for mainland exporters. "Of course, the ministry would like to cover trade financing. It's a very profitable operation," said a senior Chinese banker. "But it's important that the ministry should stick to the business agreed (providing credit guarantee only). It shouldn't compete with the Bank of China."

At present, China has one central bank—People's Bank of China—and five specialised banks—Agricultural Bank of China, Bank of China, Industrial and Commercial Bank of China, People's Construction Bank of China and China Investment Bank, as well as nine national commercial banks. Although the banking system is being opened up as part of the move towards a market economy, the People's Bank of China is reluctant to set up more new banks. All specialised banks are owned by the Central State Council, while commercial banks belong to state-owned enterprises and local governments. Recently, however, hundreds of small credit co-operatives—run like retail banks—have sprung up.

Low Worker Skills 'Restraining' Production

OW0203114993 Beijing XINHUA Domestic Service in Chinese 2107 GMT 18 Feb 93

[By correspondents Li Niangui (2621 1628 6311) correspondent Su Neng (5685 5174)]

[Text] Beijing, 19 February (XINHUA)—Findings of a recent survey by the All-China Federation of Trade Unions [ACFTU] indicate that the generally low educational and technical levels of China's workers and staff members have been a major restraining factor in the production, operations, technological advances, and product development of enterprises. People in economic circles point out: If this problem is not solved, enterprises will be like a lame roc unable to spread its wings and soar into the skies of a market economy. Therefore, stepping up worker education and training, and investing more in developing intellectual resources, have become a pressing matter for the moment.

In January of last year, the ACFTU and 14 provincial and municipal trade union councils in Heilongjiang, Tianjin, Shandong, Shanghai, Guangdong, Sichuan, and other areas conducted a survey of some 690,000 workers in 11 industries—machinery, chemistry, light industry, textiles, post and telecommunications, metallurgy, electricity, coal, pharmaceutical, and shipbuilding. Findings of the survey point to two prominent problems in overall worker quality:

—The educational level of workers, especially those under 35, is rather low. Among the 690,000 workers surveyed, those with a college education or higher, and those with secondary specialized school (senior middle school) education or higher, account for 6.5 and 23.6 percent respectively; workers who have undergone specialized technical training, 13.1 percent; and those with a junior middle school education or lower, 40 percent. Among enterprises covered by the survey in the Shenzhen Special Economic Zone, workers with a junior middle school education and lower account for as high as 65.9 percent.

—The average age of senior and middle-level scientific and technological personnel is rather high, and their knowledge is dated. Among those surveyed, technical personnel with senior technical (economic) titles account for only 4.2 percent. All of them are over 45, and quite a few are near retirement. Middle-level technical personnel over 35 account for 52.7 percent. Many key technical personnel are unfamiliar with high technology and are ill at ease with imported technology and equipment.

In view of this situation, ACFTU set forth four suggestions: First, the state should implement a policy to establish overall guidance and create a sound external environment for enterprises to raise workers' skill levels. Like science and technology, workers' skills are also a constituent part of the productive forces that will affect the rise and fall of the state as well as the success and

failure of the enterprises. The state should incorporate it into reform of the labor and distribution systems; formulate a policy to guide and mobilize workers' initiative to learn skills; respect technical personnel; recompense technical competence; stabilize the technical ranks; and lure back idle technical personnel. Second, enterprises should adopt incentive measures that handsomely reward on the basis of their contributions workers credited with enterprises technical progress in inventions, technical innovations, and technical operations, thereby linking workers' technical competence and contributions with promotions, pay raises, and housing assignments as well as creating an atmosphere among workers that technology is useful, is glorious to have, and that prosperity depends on technology. Third, to increase workers' technical training, enterprises must establish a complete training and evaluation system and guarantee its success with support in terms of human, material, and financial resources. Enterprises, science research institutes, and colleges should be encouraged to jointly establish technical training centers for workers. Fourth, it is necessary to launch mass technical activities. To unfold on-the-job training and skills emulation drives are effective ways to promote workers' technical levels and operation skills.

Article Views National Symposium on Tax Theory

HK0203103093 Beijing RENMIN RIBAO in Chinese
26 Feb 93 p 5

["Academic Trends" column by Hu Xin (5170 2946): "Speed Up Reform of the Taxation System in Accordance With the Demands of Market Economy—Roundup of the National Symposium on Tax Theory"]

[Text] The 1992 national symposium on tax theory was recently held in Leshan City, Sichuan Province. Leaders of the national Society for the Study of Tax Theory and its branches in various provinces, municipalities, and autonomous regions and experts and specialists from various quarters, totalling more than 150 people, attended. They deeply discussed the issue of giving better play to the function and role of taxation under the new situation and quickening the tax reform for the establishment of the socialist market economy. At the same time, they also discussed such subjects as tax burdens, collection and management of taxes, and developing China's socialist tax theory.

On the guiding principle for the tax reform. People attending the symposium felt deeply that the establishment of the objective of establishing a socialist market economy structure has brought about a series of new conditions and new questions for taxation work, and taxation personnel are now shouldering a glorious and arduous task. They agreed that the fundamental guiding principles for tax reform are to adapt taxation to the general objective of our country's economic structural reform, embody the principle of fair tax burdens, and promote competition; to give expression to the state's industrial policy and promote the adjustment of the

economic structure; and to perform a macroeconomic regulatory function in regulating the distribution of social wealth.

On the target model of the tax reform. Many symposium participants pointed out that the model of taking turnover tax and income tax as the main body of tax revenue is in keeping with China's national conditions, and the tax reform should now be focused on quickening the pace of reform aimed at income tax and turnover tax.

1. Unifying income taxes on all domestic enterprises. Meeting participants held that a unified and fair enterprise income tax system must be established, and the practice of setting taxes according to different economic categories should be thoroughly changed. The unified tax system should be applied to all state-owned enterprises, collective enterprises, private enterprises, joint ventures, and joint-stock enterprises. Some people proposed that such a reform should be accomplished in one move, and the unified tax system be applied to all domestic enterprises, foreign-funded enterprises, and foreign enterprises. Most people held that such a reform should be carried out in several steps before a unified tax system is applied to all enterprises.

Most people agreed with the adoption of a proportionate tax rate when designing income taxes on enterprises, because this will make the tax system simple and regular. Some people proposed the adoption of a progressive taxation system or an extra-progressive taxation system to give play to the regulatory role of income tax.

2. Unifying income taxes on individuals. The meeting participants also unanimously agreed that the reform of the individual income tax system should be carried out more intensively in order that a unified income tax system can be applied to both Chinese and foreign people. Some people held that the income taxes on urban and rural industrial and commercial businesses run by individuals should be considered as individual income taxes; but other people held that the income of industrial and commercial businesses is quite different from people's work remuneration, and the two types of taxes should not be mixed up.

3. Reforming turnover taxes. The meeting participants unanimously called for levying the same turnover taxes on domestic and foreign-funded enterprises, abolishing the industrial and commercial consolidated taxes. They also agreed that the turnover taxes should be taxes included in the calculated prices rather than taxes not included in the calculated prices.

4. Adopting value-added tax on a full scale. Many meeting participants proposed that the scope of collecting value-added tax be further expanded. At the same time, product tax may also be levied while value-added tax is levied on certain products. However, some people had misgivings about collecting value-added tax in the retail sales link.

The participants also discussed the reform and imposition of taxes other than the main taxes and the issue of fully establishing a new taxation structure and a new tax collection and management system.

Government To Introduce Inheritance Tax

HK0203013793 Beijing ZHONGGUO XINWEN SHE
in English 1328 GMT 1 Mar 93

[Text] Beijing, March 1 (CNS)—The State Administration of Taxation recently drafted regulations on the provisional institution of inheritance tax. They stipulate that Chinese citizens receiving an inheritance will have to pay tax on the inheritance if the total sum exceeds RMB 100,000 [renminbi].

It is reported that taxable inheritance includes house property, land utilization rights, motor transport, production means, bank deposits, securities, creditor's rights, property rights for intellectual property rights and economic rights resulting from a person's death.

The regulations state that non-taxable inheritance will be such gifts given to governments at various levels, departments and units, education, medicine, culture, scientific research, charities, welfare organizations and public welfare.

Plans Call for Higher Education To Serve Market

OW0203104593 Beijing XINHUA in English 1000
GMT 2 Mar 93

[Text] Beijing, March 2 (XINHUA)—Chinese universities and colleges are adapting themselves to the country's change from a planned economy to a market economy.

China now has 1,075 universities and colleges. So far, the task of China's higher learning education has been to train professionals for the government and state-owned enterprises according to state plans.

Adjustment of specialties might be the most dramatic move in the educational reform. The People's University in Beijing has opened 14 new specialties and cancelled 17. The new specialties include real estate, marketing and enterprise management.

The adjustment in Shanghai will key on opening specialties in new and high technologies, frontier science and the tertiary industry.

Reform in the graduate assignment system is to reduce the percentage of planned state assignments. From now on, more and more students will go to college at their own expense but will have the freedom to choose jobs after graduation.

As a result of the reforms in higher education, universities and colleges have strengthened the application of their research achievements, with about 8,000 items passed state appraisal and put on the market every year.

Meanwhile, many universities have also invested in various development zones and cooperated with enterprises to develop high-tech and information industries. At present, there are more than 1,000 companies run by universities and colleges in China.

Growth in Electromechanical Trade Reported

OW0203100193 Beijing XINHUA in English 0945
GMT 2 Mar 93

[Text] Beijing, March 2 (XINHUA)—China set a record for foreign trade in electromechanical products in 1992 with a total volume of 50 billion U.S. dollars, according to the latest statistics from China's customs.

In 1992, China's total export volume of electromechanical products reached nearly 20 billion U.S. dollars while the figure on imports was more than 30 billion U.S. dollars, both increasing by 37 percent over the previous year.

Statistics show that 34 of China's electromechanical products achieved an export volume of over 100 million U.S. dollars each, and radios and tape recorders, hi-fi's, televisions, wrist watches, shipping vessels, lamps and bicycles realized an export volume of over 300 million U.S. dollars each.

China's major imported electromechanical products included textile machinery, automobiles, airplanes, integrated circuits, microelectronic spare parts and automatic data processing equipment and related spare parts.

Last year, China's exports of electromechanical products covered more than 200 countries and regions around the world and the export volume to 21 countries and regions exceeded 100 million U.S. dollars each with Hong Kong, the United States and Japan topping the list.

China imported electromechanical products mainly from 22 countries and regions around the world with Hong Kong, Japan and the United States heading the list.

Official Summarizes Auditing Goals, Targets

OW2802111793 Beijing XINHUA Domestic Service in
Chinese 0114 GMT 14 Feb 93

[By reporter Fu Gang (0625 0474)]

[Text] Beijing, 14 Feb (XINHUA)—During a recent interview with reporters, Auditor General Lu Peijian of the Auditing Administration said: To quicken the pace of transforming the government's functions, the Auditing Administration recently stipulated in its "Regulations on Auditing the Implementation of the 'Regulations on Transforming the Operating Mechanisms of State-Owned Industrial Enterprises'" that, in the future, auditing organs will primarily audit enterprises that occupy and use relatively large amounts of state assets, enterprises that deliver comparatively large amounts of taxes and profits to the state, and enterprises that receive

comparatively large subsidies from the state. The majority of other enterprises will be audited on a sample basis by auditing or accounting offices.

Lu Peijian said: The main points to be audited are enterprises' assets and liabilities, as well as the accuracy of their profit and loss statements. Other things to be inspected are enterprises' relevant internal management systems and economic activities. Auditing and supervisory units will not interfere in any affairs that are within the bounds of enterprises' legal operations. Moreover, auditing organs should use audits and supervision to safeguard enterprises' management powers. If governmental departments or units occupy enterprises without making proper payments, embezzle assets that enterprises are authorized to use, inflict heavy damages on enterprises by interfering in their authorization to use assets, or encroach on enterprises' legitimate economic rights and interests, these governmental departments or units will be dealt with according to law.

When asked by a reporter how auditing units will conduct auditing and supervisory work under the new situation, Lu Peijian said: The quicker the pace of reform and opening up, the more we need to strengthen auditing and supervisory work. As the socialist market economy develops, contradictions in economic interests between individuals, units, and the state are becoming more prominent. On the one hand, auditing organs should improve the way in which they work and should cancel unnecessary inspections, and, on the other hand, they should enhance their consciousness of macrocontrol and conduct audits and investigations that focus on prominent macroeconomic problems. Lu Peijian contended that auditing organs should currently strengthen auditing and supervisory work in the following three areas:

First, they should audit state funds, including borrowed foreign funds, that have been placed under the management of local governments and financial departments at all levels. They should also audit credit and insurance funds under the management of state and local financial institutions; the assets, liabilities, profits, and losses of a small number of enterprises that affect the overall national economy, as well as enterprises that receive a comparatively large subsidies from the state; investments in key construction projects; and funds earmarked for agricultural and social security projects.

Second, they should check the accuracy of local governments' final accounts and deficits, the reasons behind debts, and the management of credit funds.

Third, they should audit the revenues and expenditures of government departments, especially those authorized to distribute funds, those that have extra-budgetary incomes, and those that earn income from fines and confiscations. They should determine whether these departments have abused their powers to embezzle

public funds, appropriate funds earmarked for other units, use funds inappropriately, or arbitrarily apportion expenses on others.

Urban Residents Show Confidence in Reform

OW2802025993 Beijing XINHUA in English 0237
GMT 28 Feb 93

[Text] Beijing, February 28 (XINHUA)—A recent survey shows that most urban people in China are satisfied with their lives and are looking forward to greater progress in the ongoing reform and opening drive.

The opinion research institute under the Chinese People's University and public relations journal recently conducted a sample survey among 1,000 households in Qingdao city, east China's Shandong Province, involving a wide range of questions.

Deng Xiaoping's remarks made during his south China tour early last year to call for bolder reform steps has greatly strengthened Chinese people's confidence in the future development of the country, the survey shows.

According to the survey, 90.6 percent of the people surveyed hold that the reform has entered a new stage.

With regards to daily life, 88.5 percent of the surveyed agree that obvious improvement has been gained in food, while 87.4 percent and 83.6 percent of them affirm changes for the better in clothing and home appliances.

However, about half of the people think that their housing has not improved. The majority of the surveyed demand that the government be responsible for their housing, health-care and pensions.

According to the survey, local residents expressed their hopes that the government attach great importance to matters such as social security, clean government and population control.

On the whole, most of the surveyed agreed that the 14-year reform and opening drive has vitalized society and brought about enormous benefits to the people.

Some social scientists who joined the survey said the answers show that China has been undergoing remarkable changes.

They stressed the importance of strengthening macro-control over society, stepping up research in socio-psychology, adjusting the relationships between different social groups and forming a social security system so as to keep pace with the development of the market-oriented economy.

Improvement in Land Use, Management System Urged

HK0103135593 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0722 GMT 21 Feb 93

["Special report" by Zhao Wen (6392 2429)]

[Text] Hong Kong, 21 Feb (ZHONGGUO TONGXUN SHE)—Recently, the real estate industry has become the fastest growing industry in the Chinese mainland. Some relevant experts pointed out that the Chinese mainland's land use and management system urgently demanded improvement, or else it would have a serious negative impact on overall economic development.

The land use and management system in the Chinese mainland is gradually moving away from the uncompensated, indefinite, and nonflowing administrative allocation system toward a compensated, terminable, and flowing system. This is a great leap forward brought on by the opening up and reform. However, it has revealed many problems in the course of development. According to the experts' analysis, the main problems found today are as follows:

1. The state does not have a high degree of monopoly over the primary market of land, i.e., land transfer. At present, the amount of land leased by agreement still takes up a large proportion. Leasing land in this way involves too many artificial factors and does not leave sufficient room for fair competition. It may also generate many other problems, such as embezzlement and bribe-taking.
2. Planning and management over land-leasing is not strong enough and urban planning has been seriously hampered.
3. Various localities are blindly setting up development zones, showing a tendency of excess and lack of discrimination. Despite the central authorities' proscription by formal decree, some of the phenomena have not significantly improved.
4. Relevant laws and regulations are not up to standard and are incomplete and the systems are not unified. Using land in violation of law and granting land ultra vires are common occurrences.

For the above-listed reasons, property prices in some areas have skyrocketed, followed by such problems as the indiscriminate granting of land, granting of too many leases, an excessive scope of land granted, and holding up land undeveloped for speculative resale after granting. In the meantime, rational and effective examination of the setting up of property development companies is also lacking, causing the intermingling of the good and the bad within the trade. According to statistics, by the end of 1991, there were 3,500 property development companies in the Chinese mainland, but the number soared to above 10,000 in 1992 alone. In some areas, foreign investment in property takes up more than one-third of the total foreign capital utilized, giving rise to an extremely irrational industrial imbalance.

Today, the main basis for the land use and management system in the Chinese mainland are two sets of legal stipulations, namely, the "Provisional Regulations on the Leasing and Transfer of the Right To Use State-Owned Urban Land" and the "Provisional Administrative Regulations on the Foreign-Invested Development and Management of Complete Lots of Land." Because the property industry did not start its fast growth until two years ago, those legal stipulations are no longer capable of fully meeting the needs of the current development. They should be revised and improved promptly. Also, it is imperative to set up a series of institutions serving the real estate industry as soon as possible, such as legal firms, financial accounting firms, surveyors firms, property assessors firms, and estate agencies and management companies, so that the real estate industry can develop in a healthy way under legalized, scientific, and standardized management.

National Meeting Stresses Land Reclamation Work

OW2802095693 Beijing XINHUA Domestic Service in Chinese 2109 GMT 19 Feb 93

[By XINHUA correspondent Bien Jiang (6708 3068)]

[Text] Xian, 19 Feb (XINHUA)—It was learned from a recent national meeting held in Xian to discuss the administration of land reclamation that more than 2 million mu of land has been reclaimed across the country so far, engendering economic results worth more than 2 billion yuan. It was also learned that more than 30 million mu of wasteland is still awaiting reclamation.

In accordance with an analysis provided by authorities concerned, rural areas' wasteland primarily falls into three categories: 1) numerous old deserted building lots abandoned by peasants who built new houses; 2) large amounts of land left unused in a number of villages because of improper planning and utilization; and 3) small tracts of farmland, old brick kiln lots, borrow pits, and ponds that have been abandoned in certain localities. A report made by the Shaanxi Provincial Land Administration Bureau early last year shows that the area of deserted building lots amounts to 1 million mu and that of unused farmland is about 500,000 mu, the total of which approaches the area used to grow cotton in the province.

To prevent this alarming waste of land resources, some localities have formulated preferential policies to encourage reclamation and, in turn, have achieved gratifying results. In accordance with an annual examination report, the city of Baoji reclaimed 73,100 mu or 48 percent of all deserted land during the 1989-92 period. Last year alone, the city reclaimed 19,000 mu of land.

As compared with the 1 percent reclamation rate scored nationwide in 1989, the current percentage is several times higher, but this is just 6 percent. Currently, China still has a large amount of deserted land. Therefore, continued efforts should be made to strengthen the arduous tasks of land reclamation.

East Region

'Progress' in Anhui's Export-Oriented Economy

OW0103125693 Beijing XINHUA in English 1229
GMT 1 Mar 93

[Text] Hefei, March 1 (XINHUA)—East China's Anhui Province made great progress last year in the development of an export-oriented economy.

Its imports and exports in 1992 amounted to 1.1 billion U.S. dollars in value, 29.4 percent up over the previous figure and showing an increase rate much higher than the country's average.

Electromechanical products and goods produced by local foreign-funded enterprises ranked higher in export volume, seeing increases of 58.7 and 72.4 percent over 1991.

More finished products were exported, which accounted for 67.9 percent of the total.

The imported products were mainly complete sets of machinery, steel, technological projects, raw textile materials, plastics and chemical fertilizer.

Some 380 technological projects have been imported, costing 203 million U.S. dollars, 2.3 times the figure of the previous year. Forty-two of the projects cost at least one million U.S. dollars each.

By stepping up efforts in marketing local technological items overseas, the province saw a 105.5 percent growth in technology export.

Last year, Anhui approved to set up 710 foreign-funded enterprises with a total foreign investment of 364 million U.S. dollars, and local foreign-funded enterprises have an increased investment of 19.51 million U.S. dollars.

The province has worked to develop labor export. In 1992 it signed contracts for that purpose involving 30 million U.S. dollars.

The locals established five manufacturing enterprises overseas as well as completing 100 projects of international aid to the province, which suffered serious economic losses in 1991's floods.

Along with the growing foreign trade, Anhui improved storage and transportation of import and export goods. Last year, the province stored and transported 1.4 million tons of goods and supplied 110,000 tons of packing material for foreign trade.

Moreover, an additional harbor by the Yangtze River was opened and four more companies were entitled to be engaged in storage and transportation of goods for foreign trade.

Fujian Holds Provincial Counternarcotics Meeting

HK0103132593 Fuzhou Fujian People's Radio Network
in Mandarin 1100 GMT 20 Feb 93

[Text] Our staff reporter has learned from the Second Provincial Counternarcotics Work Meeting, which ended today, that from 1991 to 1992 our province cracked 124 cases of producing and trafficking drugs and arrested 185 criminals. Various localities have conscientiously implemented a guiding principle of laying equal stress on three fronts, stopping the root sources and cutting off the minor ones, strictly enforcing the law, and using both temporary and permanent solutions in the drug problem. They have done much arduous and painstaking work in punishing drug criminals, educating the masses, and banning drug taking. They have arrested and tried according to law a number of drug criminals, sent them to prison, and achieved good social results. They have been affirmed and commended by the national counternarcotics leading group, and the Public Security Ministry as well.

With regard to our province's counternarcotics work this year, attendees of the meeting urged concentrating our efforts on striking blows at single dens or single stockades where drugs are supplied, and drug syndicates where domestic and foreign drug traffickers collaborate with each other. It is necessary to strengthen the work of examining and blocking the channels through which drugs are smuggled out. In particular, it is necessary to exercise control over drug traffickers from abroad, nationals who return to China from nearby countries, and criminal activities of setting up secret drug processing workshops. Departments such as procuratorates and courts must deal heavy and prompt blows at drug syndicates and gangs according to law. They must enhance the power and momentum of attacking drug trafficking activities. In the meantime, it is necessary to conscientiously implement measures aimed at banning drug trafficking and drug taking. With regard to opium poppies which are illegally planted, we must eradicate them once they are discovered. With regard to those who illegally plant opium poppies, we must enforce the law. Drug addicts must be forced to receive anti-drug therapy. We must deal severe blows at drug criminal activities.

Jiangsu Upgrades Enterprises With Foreign Funds

OW0103075493 Beijing XINHUA in English 0723
GMT 1 Mar 93

[Text] Nanjing, March 1 (XINHUA)—Enterprises in east China's Jiangsu Province are encouraged to cooperate with foreign business people in upgrading themselves technically.

According to statistics, the province has more than 10,000 Sino-foreign joint venture enterprises involving foreign investment totalling 7.7 billion U.S. dollars, both ranking first in the country.

A provincial official in charge of industry said the Chinese side usually offers workshops and equipment and foreign business people are expected to provide capital and technology.

Such Sino-overseas enterprises achieve favorable economic results, according to the official.

One example is the garment industry in Changzhou city, in which 15 enterprises cooperate with overseas businesses.

These enterprises spent 40 million yuan in technical upgrading last year and now export their products to more than 40 countries and regions.

According to the official, Sino-foreign cooperation has expanded from the manufacturing businesses to the service trade including tourism, real estate, catering, recreation, transport, health care, advertising and information service.

A survey report shows that Jiangsu has more than 300 Sino-foreign joint venture enterprises in the service trade with contractual foreign investment of more than one billion U.S. dollars.

Jiangsu Improves Post, Telecommunications Service

OW0103085493 Beijing XINHUA in English 0838
GMT 1 Mar 93

[Text] Nanjing, March 1 (XINHUA)—Eastern China's Jiangsu Province has improved its posts and telecommunications facilities to meet the needs of the rapid economic development.

An official of the provincial posts and telecommunications bureau said that Jiangsu plans to invest 2.5 billion yuan in fixed assets and install telephone exchanges with a combined capacity of one million lines this year.

Last year saw 11 cities install advanced program controlled telephone exchanges and the rest of the province's cities automatic telephone facilities.

The province spent 1.19 billion yuan in fixed assets last year, an increase of 120 percent over the previous year, completed construction of 698 kilometers of optical fibre channels and opened a network of mobile telephones along the Yangtze River and in the Lianyungang area.

The official noted that the total volume of postal traffic amounted to 2.039 billion yuan last year, up 51.3 percent from the previous year and ranking third place in the country.

Long distance and rural telephone use and express mail service in Jiangsu also registered big increases last year.

Jiang Chunyun Attends Shandong Business Meeting

SK2702100793 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 26 Feb 93

[Text] At the one-the-spot meeting to handle official business held by the provincial Township Enterprise Bureau on the morning of 26 February, Jiang Chunyun, secretary of the provincial party committee, called on party and government organs at all levels to clearly understand the situation, greet the challenges, seize the opportunity, further emancipate minds, renew concepts, and promote a quicker and better development in our province's township enterprises. Last year, our province's township enterprises succeeded in maintaining a vigorous development trend. The total output value created by township enterprises during the year reached 234.4 billion yuan; and the total output value of township industrial enterprises reached 179.3 billion yuan, accounting for 51 percent, or half, of the province's total industrial output value.

At the on-the-spot office meeting, Comrade Jiang Chunyun fully affirmed the achievements of our province's township enterprises. He pointed out: Our province has rapidly developed township enterprises and made great achievements in this regard. However, compared with other advanced provinces and cities, we still lag far behind. Our province's township enterprises are small in scale, low in technological level, and poor in the overall quality. Particularly, the leading products, high value-added products, and high foreign-exchange-earning products are few in number and are not competitive on the market. Therefore, we must recognize the disparities, weak points, and hidden crisis; strengthen our sense of crisis and urgency; clearly understand the situation; seize the opportunity; advance by taking advantage of the favorable conditions; and push our province's township enterprise to a higher grade and a higher level. Regarding the future work ideas, Jiang Chunyun pointed out: We should clearly define the development objectives and major points. During the Eighth Five-Year Plan period, we should strive to increase the output value of our province's township enterprises by 300 percent. In giving work guidance, we must give prominence to the major points, boldly realize new breakthroughs, give attention to all industries while making new breakthroughs in the development of tertiary industry, stress both domestic and export-oriented economies, and attach prime importance to achieving new breakthroughs in the development of export-oriented economy, including creating foreign exchange through exports, introducing technology, personnel, and foreign capital. We should comprehensively promote technological progress and achieve new breakthroughs in applying high and new technology, and deepen reform and achieve new breakthroughs in promoting the shareholding cooperative system.

Jiang Chunyun stressed: We should accelerate the pace of marching toward the socialist market economy. To

develop township enterprises at a quicker pace and in a better manner, the most fundamental issue is to cope with the new situation of the socialist market economic development, and to further improve the operational mechanism of participating in market competition. This needs the efforts of township enterprises to further emancipate minds, deepen reform, and make bigger strides in promoting the shareholding cooperative system, participating in market competition, and putting the supply of raw materials and the marketing of products on the world market. This year, township enterprises should comprehensively promote the shareholding cooperative system.

Jiang Chunyun pointed out: To realize the second leap forward in township enterprises in the future, we must follow the path of optimizing the structure and upgrading and improving township enterprises. In the readjustment of production establishment, we must act in line with the demand of improving traditional industries, developing industries in great demand, building leading industries, and developing potential industries; exert efforts to grasp the three major points, namely farm and sideline products processing work, mining of mineral resources, and development of tertiary industry; and accelerate the pace of changing township enterprises from domestic-oriented enterprises into export-oriented enterprises. It is necessary to exert strenuous efforts to grasp the technological transformation work of township enterprises. The key point of the whole province's economic work is to concentrate efforts on grasping technological transformation and grafting work. As far as township enterprises are concerned, the technological transformation tasks have become more pressing and heavy. All relevant departments should include technological transformation of township enterprises in their plans and support them in terms of technology and funds. It is necessary to follow the road of cooperation, organize a batch of township enterprise groups, and upgrade and improve our province's township enterprises.

Han Xikai, member of the Standing Committee of the provincial party committee and secretary general of the provincial party committee, Ma Shizhong, vice governor, and responsible persons of provincial departments concerned attended the on-the-spot office meeting.

Shandong's Jiang Chunyun Views Political Work

SK2802075993 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Feb 93

[Text] At the provincial meeting held on the morning of 27 February on summing up the work of appraising and determining the professional titles of enterprise political work personnel and on presenting professional title certificates to them, Jiang Chunyun, secretary of the provincial party committee, said: The work of appraising and determining the professional titles of enterprise political work personnel across the province is very

meaningful, playing an active role in stabilizing the political work personnel of enterprises, boosting their enthusiasm, and strengthening and improving the ideological and political work of enterprises. Ideological and political work should only be strengthened and not weakened.

Gao Changli, deputy secretary of the provincial party committee; Dong Fengji, member of the standing committee of the provincial party committee and director of the Propaganda Department; Ma Shizhong, vice governor, and responsible comrades of provincial departments concerned attended the meeting and presented certificates to representatives of those who had won the qualification of high-grade political work personnel. Our province started its work of appraising and determining the professional titles of enterprise political work personnel on August 1990 and ended the work this February. A total of 2,730 high-grade political work personnel, 30,500 political worker personnel, and 51,712 associate political work personnel and political workers were named.

In his speech, Jiang Chunyun pointed out: Party and government organs at all levels should firmly cultivate the ideology of taking a two-handed approach and be tough with both, and exert strenuous efforts to grasp ideological and political work. Comrades engaging in ideological and political work should strengthen their sense of responsibility and mission, have self-respect and self confidence and determination to improve themselves, and outstandingly fulfill the glorious tasks which the party and the people have entrusted to them.

Jiang Chunyun stressed: In carrying out ideological and political work, we must firmly cultivate the ideology of serving economic construction, reform, and opening; and take active and conscious action to participate in and serve the economy. The fundamental task of the current ideological and political work is to use Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to arm the minds of the broad masses of party members and cadre masses; actively publicize the guidelines of the 14th CPC Congress; implement the party's basic line; guide the people to emancipate minds, seek truth from facts, unite as one, and forge ahead; make earnest efforts to do practical work; and provide spiritual motivation, ideological guarantees, intellectual support, and a good media environment for realizing the party's general tasks.

Jiang Chunyun called on the broad masses of cadres engaging in political work to actively explore new ways to carry out ideological and political work and to carry out ideological and political work in close connection with reality and more purposefully and successfully. It is necessary to further emancipate minds, renew concepts, raise quality, improve skills, practice boldly, have courage to blaze new trails, and strive to raise the ideological and theoretical levels as well as the work level to meet the needs of the new situation and tasks.

Shanghai 10th People's Congress Ends 1st Session

OW2802034093 Shanghai People's Radio Network in Mandarin 1000 GMT 24 Feb 93

[Report by station correspondent Zhou Baogong, from the "News and Weather" program]

[Text] The first session of the 10th Shanghai Municipal People's Congress closed this afternoon after successfully completing the topics of discussion on its agenda.

The seventh plenary meeting of the session held this afternoon completed seven items on its agenda, including: Approving the candidates nominated for chairmen, vice chairmen, and members of the specialized committees under the municipal people's congress standing committee; and approving the resolution on the government work report, and the resolution concerning the work report submitted by the municipal people's congress standing committee.

The meeting participants said: The past five years were a period in which Shanghai firmly adhered to the party's basic line, withstood all sorts of hard tests, and achieved new successes. Especially in 1992, Shanghai achieved a breakthrough in reforms, opening up, and economic construction.

The meeting participants expressed satisfaction over the work accomplished by the people's government of the last term; and it approved, in principle, tentative plans for long-range development and the objectives for the last three years of the Eighth Five-Year Plan period stated in the work report of the municipal government, as well as major projects for 1993.

The meeting participants exhorted: Under the leadership of the CPC Central Committee, the State Council, and the Shanghai Municipal Party Committee, people in Shanghai must work with one heart and one mind, press forward with perseverance to surmount difficulties, and work hard in a practical manner for Shanghai's rejuvenation and development.

Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal Party Committee, chaired the meeting this afternoon.

After the meeting completed its agenda, the newly elected chairman, vice chairmen, and secretary general of the municipal people's congress standing committee; mayor and vice mayors of the municipal government; president of the municipal higher people's court; and chief procurator of the municipal people's procuratorate—led by Wu Bangguo—walked up to the front of the stage to meet with the deputies.

Chairman Ye Gongqi and Mayor Huang Ju took the floor in succession.

The meeting closed victoriously to the magnificent strains of the national anthem at 1645.

At the sixth plenary session this morning, the deputies elected 55 members of the 10th Shanghai Municipal People's Congress Standing Committee.

Lists Congress Members

OW0203114893 Shanghai WEN HUI BAO in Chinese 25 Feb 93 p 1

["Notice" carried by WEN HUI BAO: "Shanghai Municipal People's Congress Notice No. 1, released by the Presidium of the First Session of the 10th Shanghai Municipal People's Congress on 24 February 1993"]

[Text] The First Session of the 10th Shanghai Municipal People's Congress elected the chairman, vice chairmen, secretary general, and members of its standing committee on 21, 23, and 24 February, respectively. They are:

Chairman: Ye Gongqi

Vice chairmen: Sun Guizhang, Tan Jiazhen, Ye Shuhua (female), Hu Chuanzhi, Gu Nianzu, Chen Mingshan, Hu Zhengchang [5170 2973 2490], Wu Zhaoguang [0702 5128 0342]

Secretary general: Gao Wenkui

Members: (listed according to the number of strokes in their surname)

Ma Renbin [7456 0086 2430], Wang Zhan [3769 2069], Wang Shixiong [3769 0013 7160], Wang Yongliang [3769 3057 5328], Wang Hongkui [3769 1347 6652], Wang Xiangdao [3769 4161 6671], Wang Hongxi [3769 3163 3855] (female), Wang Daomin [3769 6671 3046], Wang Xinkui [3769 2450 1145], Yin Rongchang [1438 2837 1490], Li Wuwei [0632 2477 3956], Zuo Huanchen [1563 3562 3815], Ye Xin [0673 6580], Shi Huanzhang [0670 3562 4545], Zhu Xiaochu [2612 2556 0443], Zhu Jiayi [2612 1367 3886], Zhu Chongbin [2621 1504 1755], Liu Ke [0491 0344], Qing Zhichun [1987 1807 4783], Xu Wensi [6079 2429 1835], Xu Jingwu [6079 4842 2976], Sun Ping [1327 1627], Yang Yuhuan [2254 3768 3883] (female), Yang Daiwei [2254 0108 5524], Yang Ruyun [2254 3067 0061], Yang Liangqi [2254 5328 3825], Yang Fuzhen [2799 1381 3791], Li Kelin [2621 0344 7792], Li Jinglin [2621 2529 3829] (female), Yan Qi [0917 3825], Yan Lingzhang [0917 3781 3864] (female), Wu Junguo [0702 0193 0948], Wu Derang [0702 1795 6245], Zou Mufa [96760 2606 3127], Shen Baozhi [3088 0202 2535], Zhang Qicheng [1728 0796 2110], Zhang Siming [1728 1835 2494], Zhang Chongchao [1728 6850 6389], Lu Fukuan [7120 4395 1401], Chen Shijie [7115 1102 2638], Chen Zongjun [7115 1350 0193], Chen Jiqian [7115 4949 5709], Chen Duanben [7115 4551 2609], Chen Deming [7115 1795 2494], Lin Zhikuan [2651 1807 1401], Hu Ronghua [5170 2837 5478], Hu Luyi [5170 4845 3354] (female), Zhong Yanqun [6988 3601 5028] (female), Hou Lushi

[0168 2462 6624], Gu Chaoxu [7354 2600 2485], Xu Lifu [1776 4539 1133], Huang Yaozhong [7806 5069 1813], Sheng Shiyan [4141 1102 8827], Zhang Bohua [4545 0590 5478] (female), Teng Yilong [3326 0001 7893].

Appoints Court President

OW0203113093 Shanghai WEN HUI BAO in Chinese
25 Feb 93 p 2

["Notice No. 3 of the Shanghai People's Congress"—WEN HUI BAO headline]

[Text] On 21 February 1993 the First Session of the 10th Shanghai Municipal People's Congress elected Hu Ruibang [5170 3843 6721] president of the Shanghai Municipal Higher People's Court.

[signed] Presidium of the First Session of the Tenth Shanghai Municipal People's Court.

[dated] 24 February 1993.

Appoints Chief Procurator

OW0203112293 Shanghai WEN HUI BAO in Chinese
25 Feb 93 p 2

["Notice No. 4 of the Shanghai People's Congress"—WEN HUI BAO headline]

[Text] On 21 February 1993 the First Session of the 10th Shanghai Municipal People's Congress elected Ni Hongfu [0242 7703 4395] chief procurator of the Shanghai Municipal People's Procuratorate, and reported it to the procurator general of the Supreme People's Procuratorate to submit to the National People's Congress Standing Committee for approval.

[signed] Presidium of the First Session of the 10th Shanghai Municipal People's Court.

[dated] 24 February 1993.

'Roundup' on Economic Development in Shanghai

OW2702130493 Beijing XINHUA in English 0901
GMT 27 Feb 93

["Roundup": Shanghai Develops Production Materials Markets"]

[Text] Shanghai, February 27 (XINHUA)—Shanghai, China's leading industrial city, is vigorously developing a market network for its production materials this year as another national-level trade agency, the Agricultural Production Materials Market, began operation Friday [26 February].

The city opened a group of national wholesale markets trading metal, coal and textiles last year following the operation of a foreign exchange swap market, short-term capital market and China's first stock exchange.

Officials say that a healthy market system is of vital importance for the development of the city, once purely regulated by state planning.

"A major characteristic of Shanghai's reform last year was the development of many specialized markets, which have greatly eased the tension of raw materials supply in Shanghai," says Xu Kuangdi, vice-mayor of Shanghai.

Statistics show that the total of swapped foreign exchange topped three billion U.S. dollars last year, and some 76 billion yuan in securities were traded. In the seven months following the establishment of the Shanghai Metal Exchange, trade volume surpassed 45 billion yuan, one of the highest in Asia. Its price index affects the country's metal markets.

However, Shanghai still lacks a coordinated national, regional and local market system, according to Xu.

The vice-mayor says that Shanghai will try to develop a socialist market mechanism based on the three levels this year.

Other national level specialized markets to be opened within the year will include those involving oil, automobiles, rolled steel, grain and cooking oils, construction materials and scientific research achievements.

Regional level markets containing a futures wholesale market are also under preparation in an attempt to form a market network in the Yangtze River Delta.

Xu said that more freedom will be granted to the local-level labor and capital markets while local chemical products, cotton and yarn trade markets will be upgraded. Emphasis will also be placed on the real estate market and land leasing markets.

Shanghai's mayor, Huang Ju, said in a recent report that Shanghai aims to become one of the largest materials exchange center in the Far East by establishing all forms of spot and futures markets.

Shanghai Sets Up Panel To Test Accountants

OW2702022593 Beijing XINHUA in English 0108
GMT 27 Feb 93

[Text] Shanghai, February 27 (XINHUA)—An examination committee for certifying accountants was set up in Shanghai Thursday [25 February] and a training program for accountants was inaugurated as well.

Established by local universities and the Chartered Association of Certified Accountants (ACCA) of Britain, the committee is expected to promote adoption of international auditing practices in the country.

The training program includes a certified accountants training class and a class for managerial personnel.

Trainees in the accountants class have to study modern Western accounting theories and business for three

years. If they pass the examination for certified accountants, they will receive a certification from ACCA.

The one-year managerial class is to provide basic knowledge of Western accounting systems to managerial personnel.

ACCA is the world's most authorized institute for certifying accountants, recognized by 120 countries and regions.

Zhejiang Commemorates Late Zhou Enlai's Birthday

OW2702143393 Beijing XINHUA in English 1416
GMT 27 Feb 93

[Text] Hangzhou, February 27 (XINHUA)—A commemorative gathering was held on Friday [26 February] in Shaoxing, East China's Zhejiang Province, to mark the 95th anniversary of the birthday of late Chinese Premier Zhou Enlai.

Liu Feng, deputy secretary of the provincial committee of the Communist Party of China (CPC), called on the people to carry out Zhou's behests and devote their efforts to the economic construction.

Zhou was born in Huaian city in east China's Jiangsu Province on March 5, 1898. But his ancestral home is in Shaoxing city in Zhejiang Province.

He spent a period of time in Shaoxing in his childhood. During the anti-Japanese war and after Chinese Mainland was liberated in 1949, he returned to his ancestral hometown dozens of times.

Attended by 1,300 people from all walks of life and some who had worked along with Zhou, the gathering was sponsored by the provincial committee of the CPC and the party literature research center of the CPC Central Committee.

Central-South Region

Macao Man Throws Grenades in Guangdong's Zhuhai

HK0103030693 Hong Kong SOUTH CHINA
MORNING POST in English 1 Mar 93 p 1

[Report by Tommy Lewis and POST correspondent Adam Lee in Macao]

[Text] Five Chinese customs officers and four Macao residents were injured when two grenades exploded and shots were fired inside the customs hall at the Zhuhai border crossing last night.

Travellers returning to the enclave from Gongbei said there was an explosion just after 7 pm when Chinese customs officers stopped a Macao man suspected of smuggling drugs.

He was escorted by several officers into a room on the ground floor to have his baggage checked, but soon afterwards came running out with some of the officers chasing him, witnesses said.

When the officers fired several shots, the man turned and threw two grenades at the pursuing officers. He was later found to be carrying at least one other grenade under his shirt.

"Several of the officers and the man who threw the grenades were injured in the blast," the witnesses said.

The suspect was said to be in critical condition early this morning. One report suggested he had died.

Officials at Kiangwu Hospital in Macao later reported that three other Macao residents made their own way to hospital suffering minor shrapnel wounds.

Two of them required surgery and the third was discharged after treatment.

Hong Kong businessman Mr Kwok Wing-hong said he was about to enter the Gongbei customs building when the grenade went off at about 7.10 pm.

"I immediately ran for cover across the street, as far away from the building as possible," Mr Kwok said.

"I did not know what was happening. It was so sudden and it shook the ground and there was lots of smoke and confusion.

"I later saw three uniformed officers being carried out by some other uniformed guards," he said.

"The people on the stretchers were not moving at all. They looked dead," Mr Kwok said.

The incident led to the closure of both sides of the border at about 7.30 pm to enable Chinese police and frontier guards to make closer security checks on travellers.

The crossing reopened at about 10 pm [1400 GMT], but by then there was a large build-up of people waiting to cross in both directions.

The crowd became restless during the long delay and People's Liberation Army [PLA] soldiers called in as reinforcements reportedly fired several shots into the air to keep them back.

The mayor of Zhuhai, Mr Liang Guangda, visited the checkpoint and after he was briefed on the incident, the gates were opened again to allow people to cross before the usual closing time at midnight.

A large number of Hong Kong-bound travellers were stranded at the Macao ferry terminal early this morning after missing their boats because of the 2 1/2-hour closure.

Travellers reaching Macao said there was a strong presence of the PLA and officers from the newly-set up

Guang An Task Force wearing camouflage uniforms and trained to handle riots and civil emergencies.

Macao police said they had received a request from the Chinese authorities to close their side of the border at 7.30 pm. No reason was given and they were asked to reopen the crossing 2 1/2-hours later.

They had received no official confirmation of the incident from the Chinese side by early this morning.

Three Hong Kong photographers who took pictures inside the customs hall had their films confiscated by Chinese guards. They were warned and told to go back to Macao.

Chinese and Macao police have been concerned about the flow of firearms and grenades to the enclave and Hong Kong.

Late last year, a robbery gang threw a grenade in a Macao street after a raid on a bank but it did not go off.

In the most recent Hong Kong incident, a robber was shot dead and three accomplices arrested after exploding a grenade at pursuing officers in Kam Ping Street, North Point.

Guangdong's Xie Fei Urges Building Democracy

HK0103042493 Beijing ZHONGGUO XINWEN SHE
in Chinese 1105 GMT 27 Feb 93

[By reporter Mo Fei (5459 7236)]

[Text] Guangzhou, 27 Feb (ZHONGGUO XINWEN SHE)—Xie Fei, Political Bureau of the CPC Central Committee member and secretary of the Guangdong Provincial CPC Committee, today called on the procuratorial and judicial workers in Guangdong Province to quicken the pace of building democracy and the legal system by proceeding from the reality of establishing a market economy.

At the provincial procuratorial and judicial work conference today, Xie Fei said: In building and amplifying local laws and regulations, Guangdong should take market economic principles into full consideration, consider international practice and the actual conditions of economic development, boldly use foreign countries' experiences as a reference—especially those of the economically developed countries—and introduce their positive and progressive factors, which should be transformed, assimilated, digested, and used in conjunction with our national and provincial conditions.

Xie said: As Guangdong began exploring the market economy early in the course of reform and opening up, it has achieved something in cultivating the market system. With the accelerated pace of reform, opening up, and economic construction in Guangdong, there is a more urgent demand to step up the building of democracy and the legal system. A high degree of democracy is

inseparable from an amplified legal system, and both are important elements for the realization of modernization in Guangdong.

Xie pointed out: The previous planned economic structure and concepts had a huge influence on the formulation of policies and laws. For this reason, existing laws and regulations that are not in keeping with the market economic structure should be screened out or revised in accordance with legislative procedures. Laws and regulations which are needed for the development of the market economy but which have not been enacted should also be supplemented or formulated. Those under the jurisdiction of provincial legislation should be enacted on the basis of conducting full investigation, study, and exposition. Some can be introduced in the form of provisional regulations and then gradually perfected. With regard to those within the jurisdiction of the National People's Congress legislation, Guangdong should also present its views seriously and responsibly and should submit its proposal to the higher authorities.

Xie also stressed the need for democratic enactment of rules and regulations, democratic management, and democratic supervision. He called this an indispensable aspect for the establishment of the socialist market economic structure and a reflection of the people's democratic rights as the masters of the country. Importance should be attached to this work so as to gradually develop a good market economic order and maintain a stable social order.

Guangdong's Private Sector Develops 'Rapidly'

HK0103061293 Beijing ZHONGGUO XINWEN SHE
in Chinese 0617 GMT 19 Feb 93

[By trainee reporter Deng Zhuoming (6772 0587 2494)]

[Text] Guangzhou, 19 Feb (ZHONGGUO XINWEN SHE)—According to the Guangdong Provincial Association of Individual Laborers, Guangdong's individual and private economies developed rapidly in 1992 and ranked first in the country as measured by four indices.

By the end of last year, Guangdong ranked first in the number of individual industrial and commercial enterprises, the number of private enterprises, the number of people employed by private enterprises, and the amount of taxes paid by individual and private enterprises. What is most noteworthy is that Guangdong's individual and private enterprises paid a total of more than 2.5 billion yuan in taxes, representing an increase of 700 million yuan and a nearly 40 percent growth over the previous year, accounting for one-tenth of the total amount of taxes paid nationally by similar enterprises.

Now, the total number of people employed by Guangdong's individual and private enterprises exceeds 2.4 million, accounting for about 4 percent of the province's total population. The total output value of Guangdong's individual and private enterprises has reached 14.7 billion yuan, accounting for 7 percent of the province's

total industrial and agricultural output value. Total commodity retail sales by Guangdong's individual and private enterprises has reached 26 billion yuan, accounting for 25 percent of the province's total.

Last year, Guangdong's individual and private economies displayed the following characteristics in their development: First, a rapid increase in the number of individual and private operators and in the number of people employed by individual and private enterprises, thanks to an expansion of the production and operation scale. The average amount of registered capital for individual operators rose from 6,000 yuan to 7,000 yuan. Meanwhile, private enterprises constantly expanded their scale of operations with the result that the number of private enterprises each with 1 million yuan or more of capital reached 463, an increase of more than 200 percent over the previous year. Second, the tertiary industry has developed rapidly, with the result that the number of tertiary industrial enterprises gained a net increase of more than 50,000 people and the number of people employed by such enterprises had a net increase of more than 90,000. Most of the new tertiary industrial enterprises were commercial enterprises. Third, thanks to breakthroughs regarding operational form, the private economy began to enter such new stages as economies of scale. This development was manifested by the establishment of Guangdong's Qiaoshi Group Company, China's first private enterprise group of companies. Fourth, the market was further opened. A number of individual and private enterprises began entering the international market. More and more individual and private enterprises began conducting overseas operations and setting up branches abroad. At present, some large individual operators and private enterprises are actively opening up the international market and are striving to sell their products abroad and attract overseas clients.

Zhao Fulin on Guangxi's Work in 1992, Agriculture

HK0103132693 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 23 Feb 93

[Excerpt] The Sixth Enlarged Plenary Session of the Sixth Guangxi Autonomous Regional CPC Committee was held in Nanning on the morning of 23 February. There were two items on the agenda: 1) The circulation of general information on the work in 1992 by the autonomous regional party committee standing committee to the session; and 2) the study of and arrangements for agricultural and rural work in the region. Cheng Kejie, deputy party secretary of the autonomous region, presided over the meeting in the morning. Present at the meeting were Zhao Fulin, secretary of the autonomous region; Cheng Kejie, Liu Mingzu, and Ding Tingmo, deputy secretaries; Li Zhenqian, Lin Chaoqun, Peng Guikang, Li Enchao, Ma Qingsheng, and Yang Jicheng, members of the autonomous regional party committee standing committee; as well as members and alternate members of the party committee.

At the meeting, Zhao Fulin delivered an important speech focusing on the above-mentioned two items. Talking about the work in 1992, Zhao Fulin said: Remarkable achievements were attained in the autonomous region's socialist modernization drive in 1992, in which the autonomous regional party committee concentrated its attention on the study and implementation of Comrade Deng Xiaoping's important remarks made during his south China tour and the spirit of the 14th CPC National Congress, and seized the favorable opportunities to quicken the pace of reform, opening up, and economic construction. Zhao Fulin said 1992 was a year in which all the people conducted widespread study, their concepts underwent a thorough change, their minds were greatly emancipated, the policies were soundly carried out, and the economy was developed with giant strides. Great changes took place in the ideological concepts of the leaders at all levels and of the vast numbers of cadres and masses. The awareness of reform, opening up, science and technology, and market economy was greatly enhanced. Enthusiasm for the socialist modernization drive ran high. The political and economic situation of the entire region was exceedingly good. Society was stable, the various nationalities were united, and economic development was noticeably accelerated.

Zhao Fulin said: According to preliminary statistics, the region's gross national product [GNP] in 1992 increased by 14.8 percent over the previous year. The total industrial output value increased by 26 percent, and bumper harvests in agriculture were reaped comprehensively, with the total agricultural output value growing by 10.9 percent. The total output value of township and town enterprises was up 98 percent over the previous year's. Peasants' per capita net income was 730 yuan, an increase of 6.7 percent after allowing for the factor of price rises. Greater development was also attained in other social undertakings.

Zhao Fulin said: The attainment of such excellent achievements was chiefly attributed to the following aspects of the work of which we took firm control:

1. We thoroughly studied and earnestly implemented Comrade Deng Xiaoping's important remarks during his south China tour as well as the guidelines of the plenary session of the Political Bureau of the Central Committee and the 14th party congress. We armed the entire party with the theory on building socialism with Chinese characteristics.
2. We concentrated our energies on boosting economic construction.
3. Minds were emancipated, and reform in cities and rural areas was deepened.
4. Policies were sufficiently and properly applied in order to open the region wider to the outside world.
5. The practice of doing two types of work simultaneously was persisted in, and equal importance was

attached to both by conscientiously intensifying the building of the democratic legal system and the building of spiritual civilization.

6. The building of the leading bodies and basic organizations was intensified, and styles of thinking and work were improved.

While affirming the achievements, Zhao Fulin also touched on the existing problems and difficulties. He pointed out that it was necessary to acquire a clear understanding and resolve them in future work. In discussing the issues of agriculture and rural work, Zhao Fulin said: The general requirement for the work in 1993 is to positively, comprehensively, and correctly put into practice the guidelines of the 14th party congress, and continue to push forward reform, opening up, and the modernization drive. It is necessary to solve the outstanding contradictions and problems in good time, and to make efforts to protect, guide, and develop the initiative of the masses so that the economy in our autonomous region will advance rapidly and effectively. While grasping economic work, we must step up the building of spiritual civilization as well as party building.

On the issue of agricultural and rural work, Zhao Fulin expressed the following views in light of the discussion by the party committee:

1. We should deepen understanding and actually place agriculture in the primary position of various economic tasks.

2. We should establish the concept of large-scale agriculture, rationally adjust structure, and develop the rural socialist market economy.

3. We should stabilize policies, deepen reform, safeguard peasants' interests, and mobilize peasants' enthusiasm in production. On this point, Zhao Fulin stressed that at present, governments at all levels and in various localities should pay particular attention to the contract responsibility system on a household basis with remuneration linked to output; perfect the management system in which unified management is combined with separate management; earnestly lighten peasants' burdens, safeguard peasants' interests, institute and amplify the agricultural service system; and guide and support peasants in their advance toward the market. At the same time, we should continue to take control of the selected sites of comprehensive reform at the county level, and push forward the comprehensive reform at the county level positively and steadily.

4. We should conscientiously intensify the leadership of party committees and governments over agricultural and rural work. On this point, priority should be given to the solution of the following five current issues: 1) The party committees and governments in prefectures, counties, and cities should concentrate their energies on agriculture; 2) various departments, trades, and professions should care for, support, and serve agriculture; 3) it is necessary to increase input for agriculture from various

quarters, and repeatedly improve the conditions for agricultural production; 4) the building of rural basic organizations should be grasped in real earnest; and 5) it is necessary to persist in doing two types of work simultaneously in a bid to bring about comprehensive progress in rural society. [passage omitted]

Li Changchun Attends Henan Propaganda Meeting

HK0203103293 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 24 Feb 93

[Excerpt] The Provincial Propaganda Work Conference was held from 23 to 24 February in Zhengzhou. During the conference Wu Jichuan, provincial deputy party secretary, spoke. Li Changchun, provincial party secretary, and (Ren Keli) party deputy secretary, held discussions on the question of further strengthening propaganda and ideological work during the new situation with propaganda department heads of city and prefectural party committees. Yu Youxian, member of the standing committee of the provincial party committee and head of the propaganda department, relayed the spirit of the National Forum of Propaganda Department Heads, reviewed and summed up the province's propaganda work in 1992, and made arrangements and preparations for the province's propaganda work in 1993. He stressed that it is necessary to attach importance to seven jobs this year: First, carefully organize party members and cadres across the province to study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and radically upgrade the theoretical level and the ideological and political quality of cadres. Second, give prominence to propaganda about economic construction and reform and opening up, centering around the establishment of the socialist market economic system. Third, it is necessary to vigorously boost propaganda to the outside world and increase Henan's influence and popularity in the international arena, foster its new image, enable the world to understand it, and enable Henan to head toward the world. Fourth, adhere to the strategic principle of attaching simultaneous importance to material civilization and spiritual civilization, rally closely around the center of economic construction, strengthen spiritual civilization, and strengthen urban and rural basic-level ideological and political work, creating a fine social environment for quickening the province's reform and opening and further upgrading its economy. Fifth, do a good job in the literary, artistic, press, and publication fields under the new situation. Sixth, vigorously proceed with reform of the propaganda cultural system and conscientiously strengthen the contingent of propaganda workers. Seventh, do good propaganda work for commemorating the 100th birthday of Comrade Mao Zedong. [passage omitted]

Hubei Uses Foreign Funds on Communications

OW2802134293 Beijing XINHUA in English 1334 GMT 28 Feb 93

[Text] Wuhan, February 28 (XINHUA)—Central China's Hubei Province has made a big stride in

boosting its communication at the start of this year by setting up a large number of Sino-foreign joint ventures.

In 1992, the province adopted an overall opening policy in the transport sector and local transportation firms were encouraged to introduce foreign funds and advanced management methods so as to cope with increasingly stronger competition.

So far, the number of overseas-funded companies in the industry has reached 27, with a total contracted overseas capital of about 205 million yuan (about 36 million U.S. dollars) from the United States, Singapore, and Hong Kong and Taiwan.

Observers said that the Three Gorges water conservancy project, which was approved by the National People's Congress last year, and the all-round development and opening of the Yangtze River valley have brought about golden opportunities for the development of Hubei's transportation industry.

Over the past few years, more and more foreign investors have been attracted to Hubei, and meanwhile, the founding of joint-ventures has prompted technological upgrading and improvement of management in the province's transportation industry.

Southwest Region

Sichuan Secretary Speaks at Judicial Meeting

HK0203021593 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 22 Feb 93

[Excerpts] The three-day provincial political and judicial work conference ended in Chengdu yesterday. Provincial CPC Secretary Yang Rudai; Yang Xizong, chairman of the provincial people's congress standing committee; Nie Ronggui, chairman of the CPPCC provincial committee; Xie Shijie; Ren Lingyun; Pu Haiqing; Bai Shangwu; (Zhu Tanxi); Li Yulong; Gong Dulun; and others attended the conference. [passage omitted]

According to statistics, compared with the previous year, last year's reported criminal cases decreased 6.94 percent, with serious and very serious cases decreasing 16.5 percent. This further enhanced the masses' sense of security, safeguarded social stability, and offered a better social environment for reform, opening up, and economic construction. This year is the first year to conscientiously implement and put into practice the spirit of the 14th CPC National Congress on the question of further strengthening political and judicial work, safeguarding social stability, and offering multichannel and all-directional service for establishing the socialist market economic system.

Xie Shijie made an important speech at the conference. He said: Procuratorial, judicial, and public security departments at all levels must consider it important to study the spirit of the 14th CPC National Congress, must

attach importance to it, must implement it in a comprehensive way, and must conscientiously put it into practice to serve the development of the province's economy. Xie pointed out: In this new year, it is necessary to stick to the principle of dealing serious blows to crime; to conscientiously and properly resolve local public security problems and serious criminal activities; to launch a further struggle against economic crimes, focusing on corruption and bribery; and to pay close attention to the overall control of public security.

Xie stressed: Under the new circumstances of developing the socialist market economy, political and judicial work has a greater position and role. While quickening reform and opening up and developing the economy, party committees at all levels must strengthen their leadership over political and judicial work; must study and resolve at all times the major problems in political and judicial work; and must support, guide, and supervise procuratorial, judicial, and public security departments in the strict enforcement of the Constitution and the law. Party committees at all levels must help procuratorial, judicial, and public security departments resolve their actual difficulties, offering the necessary material guarantee for them. The conference commended advanced units and individuals in the province's overall control of public security in 1992.

Sichuan Governor Praises Zhao Ziyang

HK0103032893 Hong Kong SOUTH CHINA
MORNING POST in English 1 Mar 93 p 10

[By Daniel Kwan in Chengdu]

[Text] The newly-elected governor of Sichuan Province, Mr Xiao Yang, has pledged to continue market economy policies to catch up with the prosperous east coast. Mr Xiao also defended the reform record of his former mentor, the now disgraced party boss Mr Zhao Ziyang, saying he had made an undisputed contribution to China's reform programme.

Mr Xiao stressed that Mr Zhao should not be judged solely on his errors. "You can't deny that Comrade Zhao Ziyang had played an instrumental role in (China's) reform and open policy," he said. "Although he erred on the June 4 incident, that doesn't mean that his reform and open policy was also flawed." He praised Mr Zhao for his contribution to raise farmers' incomes and improve their living standards through agricultural reforms launched more than a decade ago.

Mr Xiao outlined his ambitious plan to redouble the Sichuan economy by 1997 by expanding the province's competitiveness in the domestic market. "For example, we now import about 13 billion yuan (HK\$17.5 billion) worth of daily consumer goods each year, but our exports to other provinces were only about six billion yuan," he said. "That means there is a huge local market for us if we can recapture it from other provinces. We are also prepared to open this potential market to foreign investors." But the governor made clear that he was prepared

to take a tough position on government cadres who took advantage of the expanding market by "moonlighting".

Mr Xiao was elected governor early last month with a record number of votes. His success contrasted sharply with his failure at the 14th Party Congress last year when he received the least number of votes in the election of Central Committee members. Although Mr Xiao failed to win a seat in the Politburo, he said that that did not mean Beijing had attached less importance to Sichuan, China's most populous province.

On the Three Gorges Dam project, Mr Xiao pledges that the interests of Sichuan people would not be sacrificed. One of the five vice-directors of the newly-established Three Gorges Construction Committee, he said the project would not go ahead unless the Government could ensure that the resettlement of the one million people who lived in the reservoir areas would be successful.

He said that the province was now negotiating with Beijing on how to resettle the evacuees and promised that the local residents would receive proper compensation and relocation. "But I must stress that we are not just thinking about compensation, we want to energise the local economy so that their living standards would be improved as a result," he said.

Tibetan Officers Play Major Role in Local PLA

OW0103131393 Beijing XINHUA in English 1253
GMT 1 Mar 93

[Text] Lhasa, March 1 (XINHUA)—Gama Cedain, who used to be a serf leading a hard life in the old days, is now deputy commander of a sub-command under the Tibet Military Area Command of the Chinese People's Liberation Army.

A good horseman and a person of integrity, he was selected to study at the Nanjing Military Academy in 1965. In 1972, at the age of 35, he became deputy-commander of the Xigaze Military Sub-Command guarding an area bordering Nepal, Sikkim and Bhutan.

In July 1990, Jiang Zemin, chairman of the Central Military Commission of the Chinese Communist Party Central Committee, made an inspection tour in Tibet. He told Major General Gama, "I feel relieved whenever I know you are guarding the Tibetan frontier."

56-year-old Gama Cedain is one of four major generals of Tibetan nationality in PLA troops, who are all former serfs.

Tibetan officers account for about 66 percent of the total number of PLA officers of the Tibet Military Area Command, which leads army troops in the Tibetan Autonomous Region.

Over the past decades army officers of Tibetan nationality have played an increasingly important role in defending and building Tibet.

According to military sources, the central government and PLA headquarters have attached great importance to training Tibetan officers ever since the peaceful liberation of Tibet in 1950.

Since 1980, the Tibet Military Area Command has sent 14 high-ranking Tibetan officers to participate in advanced studies at the University of National Defense and other army schools.

More than 94 percent of the Tibetan officers have received college diplomas.

A further 743 Tibetan soldiers have been sent to military schools for basic command training, according to the sources.

In the 1970s, a group of young Tibetan soldiers were trained as pilots. Now they are the core of the Tibetan Air Force and local civil aviation.

Since 1959, the Tibet Military Area Command has set up several military schools or training centers especially to train officers of Tibetan nationality.

Official Discusses Religious Freedom in Tibet

OW2802125093 Beijing BEIJING REVIEW in English
No 8, 22-28 Feb 93 pp 18-21

[Interview with Li Yan by staff reporter Lin Qiangqi; place and date not given: "No Religious Freedom for Tibetans?"—fifth installment of interview]

[Text] QUESTION: The mention of Tibet always calls to mind religion. Do Tibetan people have religious freedom?

ANSWER: People who have some knowledge about Tibetan history know the area is heavily influenced by religion. The majority of people there follow Tibetan Buddhism. The Chinese government holds that all citizens, Tibetans included, should enjoy freedom of religious belief and that those beliefs are private matters. The government respects and protects the freedom of religious belief and takes this as a policy of fundamental importance.

The Common Program of the Chinese People's Consultative Conference, adopted in September 1949 as a provisional constitution of New China, stipulates, "The minority nationalities all enjoy freedom to develop their own languages, maintain and reform their customs and habits, and have religious beliefs."

The 17-article Agreement on Measures for the Peaceful Liberation of Tibet, signed by the central people's government and the local government of Tibet on May 23, 1951, stipulates, "The policy of freedom of religious belief laid down in the Common Program of the Chinese People's Political Consultative Conference shall be carried out. The religious beliefs, customs and habits of the Tibetan people shall be respected, and lama monasteries

shall be protected. The central authorities will not effect a change in the income of the monasteries."

From that time on, the Chinese People's Liberation Army and cadres sent to Tibet have, in strict accordance with state policy concerning religious freedom, set great store by and practices of the various sects of Tibetan Buddhism. In the 1950s, the central people's government dispatched a representative to the annual Lhasa Grand Summons Ceremony and gave alms to monks participating in the ceremony as a token of respect. In April 1956, when the Preparatory Committee for the Establishment of the Tibet Autonomous Region was founded, Vice-Premier Chen Yi of the State Council headed a central government delegation on a special trip to Lhasa to offer congratulations. During their stay there, Chen and the delegation members made contacts with people representing the different Buddhist sects, offered presents to monasteries and temples, and supplied tea and food to monks and lamas who were practising abstinence from meat. That October, the Tibet Branch of the Chinese Buddhist Association was inaugurated, whose activities received state respect and protection.

Both monks and lay people in Tibet speak highly of the state's policy of religious freedom. Concerning the religious situation in Tibet in September 1954, the Dalai Lama said, "Of the rumors spread by the enemy, one is that the Communist Party and the people's government have destroyed religion, filling the strongly religious-minded Tibetans with doubts and uneasiness. But the rumor that the Communist Party and the people's government have destroyed religion has been thoroughly exploded, and the Tibetan people understand through their own experience that they are free in regard to religious belief."

After a visit to interior in June 1955, the Dalai Lama said, "In various cities, big or small, we saw all monasteries and temples receive protection, all religious believers, male and female alike, enjoy full freedom in religious belief without any restriction, various religious sects enjoy respect and protection and are not made to suffer in the least. This fully embodies the stipulations on religious freedom as contained in Article 88 of the Constitution."

When the 1959 armed rebellion staged by the reactionary forces of Tibet's upper ruling class was put down, the monasteries underwent reform during the democratic reform of Tibet. Some foreigners have mistakenly understood that the reform damaged the religious freedom enjoyed by Tibetans.

Prior to the democratic reform, Tibet was under a feudal serf system characterized by a temporal and religious administration with the former local government of Tibet dominated by the three estate-holders—officialdom, monasteries and noble. Monk officials held higher positions than lay officials in the local government, and some major monasteries enjoyed the privilege of having members serve as political officials. The most

influential monasteries were able to exercise judicial powers, with their own judges handling cases involving monks, free from government interference. Resorting to the collection of land rents, usurious loans and corvee taxes, the monasteries exploited and enslaved the Tibetan people. Before 1959 there were some 110,000 monks and nuns in Tibet, making up more than 10 percent of the population. Except for the 4,000 lamas who held economic powers, these people led a poor life. Under the strict monastic ranking system, only the lamas in the upper echelon enjoyed privileges, and only those from large monasteries could participate in the government. The broad masses of the Tibetan people suffered from unbearable political oppression, economic exploitation and mental enslavement.

The democratic reform of monasteries pressed ahead in a very careful way. The social system of the temporal and religious administration was abrogated along with the feudal prerogatives and oppressive system in religion. During the reform, the principle of patriotism, observation for the law and separation of temporal and religious powers was upheld. All monasteries introduced a system of democratic management, handling religious affairs and Buddhist activities of their own accord. The populace are free to seek tonsure and the lamas to resume secular life. Tibetan monks and lay people do indeed enjoy personal and religious freedom.

During the decade-long "cultural revolution" which began in 1966, Tibet, like other parts of the country, suffered a great deal. The state policy of religious freedom was undermined and places of worship damaged. When the "cultural revolution" was brought to an end in 1976, the state policy of religious freedom once again held sway in Tibet. During the last decade, the central government allocated some 200 million yuan for the implementation of the policy. This helped finance repairs to the famous Jokhang, Samye, Zhaibung, Sera, Gandan, Tashilhunpo and other monasteries. The central government earmarked an additional 40 million yuan for repairs to the Potala Palace. Thus far, 1,400 monasteries and other places of worship have been renovated and opened to the satisfaction of Tibetan people.

In recent years religious organizations in Tibet have been actively involved in religious activities and Buddhist education. The Institute of Tibetan Buddhism teaches scriptures and Buddhist history, and its teaching staff includes famous Living Buddhas and scholars of Buddhism. Various big monasteries have begun offering courses, the curricula of which include lectures and discussions about sutras. Close to 3,000 monks have enrolled in such classes. The Tibetan Buddhist Association has launched a magazine called Tibetan Buddhism. Some large monasteries have been given government approval to make their own sutra printing blocks and print Buddhist scriptures according to their own needs. Large numbers of Buddhist classics have been collected and published.

The government respects and protects the traditional religious practices and customs of the various religious sects. According to Buddhist custom and historical tradition, the central government confirmed the incarnate soul boy of the 16th Living Buddha Garmaba in June 1992. And government departments offered alms to monks involved in the annual Grand Summons ceremony in Lhasa, the pilgrimage to the Snow Mountains in the Year of the Horse, the pilgrimage to the Holy Lake of Nam Co in the Year of the Sheep and the Walking-Around-Religious-Rock Festival at Razheng Monastery.

Constitutional and legal protections allow the Tibetan people to enjoy full freedom of participation in religious activities. The 34,000 monks and nuns in the autonomous region are free to study Buddhist sutras, attend sutra discussions and lectures, recite sutras for worshipers and administer blessings by touching believers on the forehead. The religious masses are also free to visit monasteries, holy mountains and lakes, make sacrificial offerings, give alms to monks, recite sutras and embark on pilgrimages. Almost all Buddhist families have a small sutra hall or shrine in their home. Each year some 1 million believers visit monasteries in Lhasa. In Tibet today, sutra streamers and Mani stone mounds are common sights. Famous monasteries like the Jokhang are crowded with people prostrating themselves, worshipping and performing the ritual walk around it.

Q: Since Tibetans are free to engage in religious activities, why do the Dalai Lama and some Westerners say "the Tibetans are not allowed to hold religious beliefs and enjoy no religious freedom"?

A: Neither the Dalai Lama nor these Westerners know religious belief in its true sense. They say such things to mislead those who do not know much about the situation in Tibet and out of their need to engage in political activities camouflaged as "safeguarding religious freedom."

The Dalai Lama is a religious leader and, at the same time, a political figure who has been advocating Tibetan independence and engaging in separatist activities overseas for a long time. Mixing activism for Tibetan independence with religion is a trick he is good at. In December 1990, while attending the 14th obhiseka ceremony in Varanasi, India, the Dalai Lama issued a statement in the name of the "Tibetan government in exile," vowing to turn the ceremony into a rally for "the promotion of the Tibetan independence movement." This same Dalai Lama has since 1987 been exploiting his influence as a religious leader to incite riots in Lhasa.

The State Department of the United States said in a 1991 document that the Chinese government does not tolerate religious activism in support of Tibetan independence. Obviously, the authors of this official American document had observed religious activism like that of the Dalai Lama. Does their concern for religion in Tibet cover such religious activism for the separation of China? They have a clear picture of the traditional temporal and religious administration in Tibet. They

also know the "Tibetan government in exile" is still the embodiment of this old feudal system. However, they have never let the world know the truth.

Why is it that Westerners who are for the separation of temporal and religious powers stand by the side of the Dalai Lama, who upholds a combined temporal and religious administration? They don't support the safeguarding of Tibetan Buddhism but support their own political motives, attempting to make religion serve politics. In the past, political forces existed in the West which made use of religious influence to meddle in the internal affairs of other nations. This happened in the 1980s too. They stand for the separation of temporal and religious powers in their own country, not allowing religious intervention in politics. In dealing with other countries, however, they spare no effort to make use of religious forces to bring about the materialization of political motives, without caring that their actions may have harmful consequences for local societies and peoples. Do the majority of the people in the West accept this?

In Tibet today, religion is a mere belief, which cannot be put on a par with politics. It is easy to understand combined temporal and religious administration will harm development and progress in Tibet if one only studies Tibet's past. The world knows clearly the consequence and outcome when religious and politics make use of each other. Today, in the 1990s, the Dalai Lama and some Westerners still want to embark on the old path. Will they have a happy future?

North Region

Hebei Secretary Addresses Antidrought Meeting

SK2702094893 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 26 Feb 93

[Text] On 26 February, the provincial party committee and government held a meeting of responsible persons of various departments, including the planning, financial, agricultural, water resources, energy resources, and petroleum departments, to devise plans for the current urgent drought combating work.

Cheng Weigao, secretary of the provincial party committee and governor, and Zhang Runshen, vice governor, called on all departments and the party committees and governments at all levels to do a good job in fighting the two tough battles of combating drought and sowing cotton, adopt various measures to overcome drought, reap a bumper harvest of summer grains, and do a good job in planting a sufficient amount of good cotton seedlings. After last year's serious drought, our province has experienced a very serious drought again during this spring. According to statistics, the whole province's afflicted farming areas reached more than 55 million mu, of which more than 15 million mu were wheat fields and more than 30 million mu were other farmlands. So far, of the whole province's 38 million mu of wheat fields, 20 percent of which produced first-grade

seedlings, 40 percent produced second-grade seedlings and another 40 percent produced third-grade seedlings.

To fight well the two tough battles of combating drought to ensure wheat growth and spring sowing and cotton sowing, the meeting decided to implement the system of assuming responsibility for attaining certain targets in all localities and relevant departments. In winning a bumper wheat harvest, we must fulfill four targets and in sowing cotton seeds, we must also fulfill four targets.

Cheng Weigao pointed out: Although all localities have recognized the seriousness of this spring drought and have adopted some antidrought measures, the situation is not optimistic. Party committees and governments at all levels should take immediate actions, mobilize the broad masses of cadres to participate in combating drought to guarantee a bumper wheat harvest and wheat sowing, share the targets with all levels and individuals, and formulate related inspection measures.

Cheng Weigao stressed: Provincial, prefectural, city, county and township leaders at all levels should go to wheat fields and the grass roots to keep abreast of their local drought situation, and inspect and supervise the drought combating work. It is necessary to integrate agriculture with science and education. Agricultural service organizations at all levels should go to the forefront of production to examine the seedling condition in each and every wheat field, give different guidance in line with local conditions, and water the fields in a timely manner. Scientific research units, colleges and universities and agrotechnicians should give supporting service. All departments must put policies, funds and materials in place, and [words indistinct]. The provincial authorities should allocate all types of antidrought funds to the lower levels as quickly as possible and guarantee that the funds will play a good role in the course of combating drought. The petroleum, energy resources and energy resources departments should also make arrangements for combating drought as soon as possible.

Hebei Official Addresses Economic Conference

SK2702083393 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 26 Feb 93

[Text] What does our province intend to do in this year's economic restructuring and grain production? At the provincial economic restructuring work conference held on 26 February, Vice Governor Song Shuhua pointed out: We should try to build the socialist market economic system; pay close attention to the central link of changing the operational mechanism of state enterprises, particularly large and medium enterprises; actively develop an economy with different types of ownership with public ownership remaining predominant; vigorously develop and improve the market system; deepen reform of the labor, personnel, wage distribution, and social security systems; accelerate the change of government functions; actively promote reform of the planning, investment, financial, taxation, banking, circulation, and foreign trade systems as well as the rural economic

system; prominently grasp technological progress; optimize the structure; strengthen management; raise efficiency; and guarantee that the whole province's industrial production will witness a sustained, steady, and speedy development.

In referring to how to make sufficient, good, and vivid use of all sorts of policies, Song Shuhua pointed out: Policies are as important as our tremendous resources and wealth. The rural areas have to rely on policies to bring about a great change. The rapid development of Guangdong, Shandong, and Jiangsu Provinces was also a result of their efforts to implement the policies earlier than other localities and to make sufficient, good and vivid use of the policies. Comrades engaging in economic work at all levels, particularly leaders at all levels, should exert strenuous efforts to study and make good use of the policies, help enterprises to invigorate their business, and support them in accelerating development.

Northeast Region

Heilongjiang Secretary Attends Court Conference

SK2802081093 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 26 Feb 93

[Text] At the 15th provincial court work conference which ended today, Sun Weiben, secretary of the provincial party committee, called on cadres and policemen of courts across the province to conscientiously study Comrade Deng Xiaoping's speech made during his tour to south China and the 14th CPC Congress guidelines, become familiar with the socialist market economic law and demands as quickly as possible, to unceasingly enhance professional level and self quality, and to actively provide a legal guarantee and legal services for the development of the socialist market economy.

Secretary Sun Weiben pointed out: Currently, we are in the period of replacing the old economic systems with the new ones. In the process of developing the market economy, profound changes will surely take place in the economic structure and economic operational pattern as well as in the realm of the superstructure. More social relations need to be mediated by the courts through legal means. The judicial tasks will become increasingly heavy and arduous. The status and role of court work will become more important in the country's political, economic and social life. Court work should always be strengthened and not weakened.

Xie Yong, vice chairman of the provincial people's congress standing committee and secretary of the provincial party committee political science and law committee, addressed the conference. He said: Courts at all levels across the province, particularly leading comrades, should fully understand the protractedness, arduousness and complexity of struggling against all sorts of criminal activities under the new situation. Regarding the major and appalling cases which arouse social concerns, we should persist in taking earlier action to handle them in

line with the two basic principles, accelerate the progress of handling cases, and strengthen the strength of the legal system. We should launch special struggles in a timely manner in line with the prominent problems that have emerged in local social security and resolutely check the growing trend of major criminal cases. Continued efforts should be made to implement the principle of dealing heavy and strict blows to criminal activities in line with law, deal strict blows to criminals who seriously disrupt the economy such as those who are guilty of corruption, bribery, tax evasion, smuggling, cheating, making fake trademarks, producing and selling fake and inferior products, and stealing timber or illegally felling trees, and give strict punishment to major economic criminals. By no means should we treat them leniently. Meanwhile, we should uphold the principle of taking resolute and careful steps to stop criminal offenses, and strictly contrast the limits between crime and legal acts in the economic sphere.

Xie Yong called on courts at all levels to give prominence to their functions of mediating economic relations in line with the law. In judicial work, we must manage things in line with the market economic law, properly handle all sorts of complicated disputes concerning property rights, operation, exchange, and relations of interest emerging in the market economy, promptly handle all sorts of cases that have emerged in the course of deepening reform and developing the market economy, step up efforts to deal with all sorts of cases that have emerged in the course of turning scientific and technological findings into practical productive forces as well as all kinds of economic disputes and cases concerning foreigners that have emerged in the course of rural economic development. It is necessary to realistically protect the democratic right and other legal rights and interests of the citizens and the legal persons, and to mobilize the enthusiasm of the broad masses of people to participate in reform, opening up, and economic construction.

At the conference, the provincial people's court also commended the advanced collectives and individuals that have emerged in the past year. Vice Governor Xu Yandong relayed Governor Shao Qihui's views on strengthening court work to the participants.

Chen Wenzhi, vice chairman of the provincial committee of the Chinese People's Political Consultation Conference, also attended the conference.

Jilin City Elects New Party Secretary

SK0203123093 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 27 Feb 93

[Text] The first session of the Eighth Jilin City CPC Committee ended on the morning of 27 February. During the session, Wu Guangcai [0702 1639 2088] was elected secretary of the city party committee and (Ge Rongnian) was elected secretary of the city Discipline Inspection Commission.

Liaoning Recruits 88,000 Party Members

SK0203123693 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 1 Mar 93

[Text] In the past few years, 1.08 million people in our province applied for joining the CPC, and some 88,000 people were admitted to the party, of whom more than 80 percent were backbone personnel of various units advanced in building the two civilizations, labor models, and advanced producers.

Northwest Region

Xinjiang Party Decision on Market Economy

OW2202192393 Urumqi XINJIANG RIBAO in Chinese 3 Feb 93 pp 1, 2

[“Decision of the Autonomous Regional Party Committee and the Autonomous Regional People's Government on Accelerating the Development of the Socialist Market Economy in Farming and Pastoral Areas”]

[Text] The following decision has been specifically made to fully implement the 14th National Party Congress guidelines, to further speed up reform and opening up in the countryside, to build a socialist market economy in farming and pastoral areas, to develop all aspects of the rural economy at a rapid pace, and to move in step with the rest of the country toward achieving a comfortable standard of living:

I. Guiding Thoughts and Strategic Tasks for Rural Reform and Development During the Nineties

Building up agriculture as the firm foundation of the national economy is an essential guarantee and prerequisite for developing a socialist market economy. In the new situation characterized by reform, opening up, and a socialist market economy, we must correctly handle problems relating to agriculture, rural areas, and peasants, and earnestly strengthen the status of agriculture as the foundation of the national economy. This has a bearing on major issues, such as whether reform can be developed fully and thoroughly, whether the national economy will continue to develop rather quickly, and whether second-step strategic objectives can be attained. We should not in the least slacken our efforts.

For some time to come, the guiding thought for economic development in rural areas in the autonomous region will be to readjust and optimize the industrial structure in rural areas, to vigorously develop a highly efficient mode of agriculture that produces better and greater yields or an export-oriented type of farming, to concentrate on developing secondary and tertiary industries in counties and townships, with the emphasis on village and town enterprises, to promote rapid economic development in farming and pastoral areas, and to strive to improve the general level of productive forces in farming and pastoral areas. With a view toward building and developing a market economy in the farming and pastoral areas and of

moving simultaneously with the rest of the country toward achieving a comfortable standard of living, this guiding thought is based upon mental emancipation and conceptual transformation, is driven by the program of reform and opening up, and is oriented toward the market, resources, and geographical factors.

The general goal of rural reform and development during the nineties is to attain a comfortable standard of living by 2000, to enrich the material and spiritual lives of the vast farming and pastoral areas, and to help these areas improve their living conditions, raise the quality of their populations, develop public welfare programs, improve public order, and significantly develop their economies. The goal also aims to increase the total agricultural output value by an average 5.1 percent or more annually, to substantially raise the output value and income of village and town enterprises, to raise the per capita share of grain to 400 kg, and to boost the per capita income of peasants to around 1,300 yuan.

II. Actively Creating Market Mechanisms in Rural Areas and Energetically Improving the Market Economic Environment.

We should embrace the current opportune moment to lead peasants and herdsmen onto the market through incentives based upon market factors and efficiency, to build a socialist market economy in the countryside, and to gradually lift all controls on the purchase and sale of farm products, the price of farm produce, and the market for agricultural products.

- We should accelerate reform of the system for buying and selling grain. Beginning on 1 April 1993, we will adopt a strategy of "slashing purchases and decontrolling sales" toward grain by taking the initial step of completely decontrolling the selling price of grain, grain markets, and sales channels across the region. Based upon the original procurement tasks, state grain purchases must be made in accordance with the "ratio of 4:6." This means 60 percent of grain purchases will continue to be based upon fixed state quotas, while restrictions will be lifted on trading and price for 40 percent of grain purchases. Moreover, we should institute grain reserve systems at the autonomous regional, prefectural, autonomous prefectural, county, and city levels, and among villages, collectives, and peasant households. We should establish grain risk funds at the autonomous regional, prefectural, and county levels and encourage various grain-producing counties, farms affiliated with the Production and Construction Corps, enterprises, units, and individuals to sell grain and grain-based processed food in Urumqi and other cities.
- We should reform the system for buying and selling cotton in a step-by-step manner. In 1993, we will lift restrictions on the trading and marketing of cotton that remains after localities at or above the county level fulfill procurement tasks under state contracts and after farms affiliated with the Production and Construction Corps deliver the base quotas stipulated

under state contracts. Supply and marketing cooperatives will trade in grain covered by state procurement contracts under unified arrangements. Cotton and hemp companies will compile statistics on that cotton which will be traded freely. Cotton that is to be traded freely will be sold through multiple channels and should not be sold in large quantities at low prices. We should allow supply and marketing cooperatives in prefectures and counties, local state farms, and mills that produce fine strains of ginned cotton to directly sell cotton in and outside the region. We should also encourage cotton farmers to actively compete in domestic and foreign markets.

- We should fully decentralize management and lift price controls on oil-bearing crops, beets, and other agricultural and animal products. We should let supply and purchasing parties sign purchase and sale contracts, and allow producers and marketing parties to meet directly.
- We should deregulate the trading of seeds, selected seedlings, and breeding stock in farming, forestry, animal husbandry, and fishery, and encourage science research institutes, universities and colleges, all types of economic entities, and specialized households to import, breed, popularize, and manage seeds, selected seedlings, and breeding stock according to autonomous regional regulations governing seeds and breeding stock. Relevant departments should strengthen management and quality control.
- We should gradually deregulate the trading of agricultural production means. We should tighten control over the prices of such means of agricultural production as chemical fertilizers, plastic sheeting, pesticides, farm machinery and tools, diesel, and gasoline. Prices for chemical fertilizers in 1993 will remain at the same level as in 1992. Before we fully decontrol the prices of chemical fertilizers, chemical fertilizers subject to overall planned pricing will be put under the unified management of supply and marketing cooperatives. We should let companies which sell agricultural production means supply, at wholesale prices, chemical fertilizers needed as supplementary materials by agro-technical departments for promoting technology and providing paid services. Production factories and other types of economic entities in society should be allowed to trade in chemical fertilizers, plastic sheeting, and other means of production which are not included in the state's procurement plan. It is essential to remove all controls on the trading and price of chemical fertilizers in regional and border trade.

In the course of reform and opening up, we should resolutely open up and earnestly tighten controls as necessary. We should strengthen environmental and ecological protection; further strengthen the protection and management of water, soil, and forest resources; and manage land, prairies, and forests according to law. We should implement strict quota controls on logging in

forests. We should continue to implement the examination-and-approval system and exercise quota-based control on the exploitation and use of vegetation, such as forests, licorice roots, and Chinese ephedra.

We should earnestly develop markets so that in about three years' time, our autonomous region will basically construct a rational pattern of systematically managed markets equipped with complete facilities. We should make unified plans for market development; mobilize the masses; raise funds from all sources; build markets step-by-step; encourage joint efforts by the state, collectives, and individuals; and allow efforts to building a variety of markets that transcend regional boundaries and cover all business sectors. It is essential to fully enhance the functions of existing infrastructure in departments in charge of supply and marketing, grain, and industry and commerce, and implement the policy of allowing those who develop markets to enjoy the benefits. All types of markets will be under the unified management of the regional industrial and commerce department. In addition to building a region-wide, large-scale comprehensive market and local specialized wholesale markets for grain, cotton, animal products, and fruits, we should also effectively operate trading markets for agricultural products and build relevant markets for major elements—such as funds, personnel, labor, land, and the means of production—in order that we form market networks in rural areas as soon as possible. We should give priority to land use and planning for market development, and charge fees on preferential terms.

Peasants and herders are the main market entities. We should encourage and lend support to peasants and herders in their efforts to establish peasants' associations and other types of specialized associations, so that they will enter the market in an organized manner. When peasants, herders, and workers and staff members of farms under the Xinjiang Production and Construction Corps enter the market to sell their products and operate according to law, they will not be subject to restrictions on personnel registration and origins of commodities. We should simplify procedures for them, charge fees at special rates, and implement low tax rates. When they transport agricultural and animal products into cities and factories, they do not have to pay "cargo management fees," and no limits will be set on the number of transportation vehicles they may use.

Collective economic organizations in rural areas and entities that provide socialized agricultural services are the intermediary organs that help peasants and herders enter the market. They should actively take the initiative in organizing peasants and herders to participate in fair market competition. We should use such methods as contracts and agreements to link up peasants and markets, and share risks and benefits with peasants and herders.

We should smash blockades among different regions and departments. All localities and departments should not set up checkpoints on roads and at stations, strategic

passes, and borders that block regular traffic. We should abolish the system of certification and the procedure of examination and approval on the export of agricultural and animal products such as cotton, hops, leather, and fur, from Xinjiang. We should encourage various units, collectives, and individuals to promote agricultural and animal products in inland and overseas markets.

III. Seriously Protect Peasants' and Herdsmen's Independent Production and Management

Since 1993, the autonomous region will continue to issue afforestation plan, but will no longer issue mandatory agricultural production plans and crop area plans. It will issue guidance plans for major products to encourage peasants and herdsmen to engage in independent production and management according to market demand.

The household contract responsibility system with remuneration linked to output as the main form must remain stable for a long time. The peasants' right to contract for using land, including grassland, should also remain stable and unchanged for a long time. It is permissible to sell and transfer contracted land use rights. We encourage the concentration of cultivated land and grassland in the hands of farming and herding experts. So long as taxes and land rent are paid, state orders are filled, and collective retention is set aside, the holders of land use rights may sell those rights to anyone on any condition, but the sale and transfer of the rights must be submitted to the villagers committee or a collective economic organization for approval.

It is necessary to handle correctly the dual management system that combines household with collective operations. Under market economic conditions, we should give the system some new content, with the "five unified aspects," extend the stress from providing service during production to providing service before and after production, and expand our efforts to cover infrastructural construction for water and electricity supplies, telecommunications and the market.

We should let peasant households use their vegetable gardens, land for housing construction, and family plots, and encourage them to develop a courtyard economy, so as to give play to the superiority of collective operations and the flexibility of the courtyard economy.

We should resolutely implement the State Council's "regulations for managing expenses and work borne by the peasants" and the autonomous region's procedures for the implementation of the regulations. We should earnestly reduce the peasants' burdens by banning the collection of unauthorized fines, apportionment fees, fund-raising, and donations from peasants. In addition to contract obligations, a peasant's burden of collective retention and overall fees combined should not exceed 5 percent of 1992 per-capita income. The amount of collective retention and overall fees should be decided by township people's congresses and should be published at the beginning of the year by villagers' committees. Expenditures for collective retention and overall fees

should be published by the villagers' committees at the end of the year and should be supervised by peasants and herdsman. Each rural laborer should take up an annual average of obligatory work of 5-10 standard workdays. Each male laborer should take up an annual average of labor investment work of 25-30 workdays, and each female laborer 10-15 workdays. Public welfare undertakings should be done only within our capabilities. Peasants and herdsman have the right to refuse any apportionment of expenses or work which is not stipulated in the "regulations."

We should strengthen agricultural legislation to protect the democratic rights and material interests of peasants and herdsman.

IV. Readjust and Optimize Rural Production Structure and Develop High-Yield, Good-Quality and High-Efficiency Agriculture

We should work according to market demands and take full advantage of local strong points to readjust and optimize the rural production structure, develop a high-yield, good-quality and high-efficiency agriculture, establish a regional crop industry, and build a flexible structure for large-scale agriculture. We should adhere to the principle of all around development of agriculture, forestry, animal husbandry, sideline production and fisheries. We should make great efforts to develop cotton production, horticulture, and animal husbandry, with the precondition that we achieve self-sufficiency and even a slight surplus of grain. We should let the market play a greater role in resource distribution and raise the economic efficiency and production of large-scale agriculture.

We should continue to pay attention to grain production because it is the foundation of agriculture. In grain production, we should stress quality, raise both the per-unit-area yield and the total output, readjust the mix, and develop superior and best-selling strains. We should set the minimum protective price of grain to protect the enthusiasm of grain growers.

Cotton is a strong point of Xinjiang's production and economy. The regions suitable for cotton growing should take the opportunity to promote production with good sales and actively develop cotton production. We should make great efforts to improve quality and increase per-unit-area yield and produce high yields of superior products with low costs to participate in market competition at home and abroad.

Great effort should be made to develop horticulture, which is an undertaking with high output value and high economic returns. In particular, we should attach importance to developing the production of famous, superior, expensive, and rare fruits, both fresh and preserved. We should continue to develop the production of silk cocoons, melons, vegetable and medicinal herbs according to local conditions. We should make scientific and rational use of wild plants resources to develop the production of traditional Chinese medicine.

Animal husbandry's position as a mainstay industry should be strengthened, its output value should be increased, and its returns should be underscored. Attention should be paid to increasing both the quantity and quality of livestock, with priority given to quality. We should make great efforts to develop the feed industry, do a good job in building grasslands, and integrate planting crops with animal husbandry so that production of herbivorous livestock, pigs, and poultry will develop in an all-around way. We should develop intensive production, giving priority to meat, milk, and egg production. We should encourage peasants and herdsman to rear deer, rabbits, rare birds, and other animals with high economic value. Efforts should be made to further readjust the mix of livestock and increase the proportion of breeding stock and the livestock of fine species.

We should rely on scientific and technological advancements to develop high-yield, good-quality, and high-efficiency agriculture. By the end of the Eighth Five-Year Plan, 35 percent of rural areas' economic growth should be based on scientific and technological advancement, as compared with 30 percent today. Efforts should be made so that agricultural research, education, and popularization of agricultural techniques can be switched onto the track of developing high-yield, good-quality, and high-efficiency agriculture and export-oriented agriculture as quickly as possible. The vast masses of agricultural scientists and technicians should actively throw themselves in the main battlefield of developing agricultural production and a rural market economy. They should speed up the development and application of high and new agricultural technology and follow the path of integrating agriculture, science, and education and integrating trade, industry, and agriculture. Xinjiang and all its prefectures, counties, and cities should draw up plans for developing new and high-technology for agriculture and plans for solving key technical problems that have impeded agricultural development. We should gradually establish norms for production and products and set up demonstrative zones of high-yield, good-quality, and high-efficiency agriculture, emphasizing new and high technology, and popularize their examples and experiences in all parts of Xinjiang. We should establish a comprehensive assessment system that places equal emphasis on product quantity and economic returns. Under this system, the total output value in rural areas, the total output value of and net income from crop planting and animal husbandry, per capita income of peasants and herdsman, and other economic indices will be listed as important criteria for assessment at various levels.

V. Concentrate Efforts To Vigorously Develop Village and Town Enterprises

Developing village and town enterprises is the only way to bring about overall economic development and a comparatively comfortable life in the countryside. It is also a priority in Xinjiang's strategic plan for economic development. We must try everything possible to speed up the development of village and town enterprises in

the region and strive to achieve the goal where the total output value of the village and town enterprises will account for 50 percent of rural areas' total output value, and 25 percent of the value of Xinjiang's industrial output by 2000.

Leaders of departments at all levels must fully understand the position and role of village and town enterprises. While looking squarely at the relatively backward development and problems of village and town enterprises, they should also be able to see the favorable conditions and opportunities for high-speed development of the region's village and town enterprises. They should truly attach importance to village and town enterprises in terms of both thinking and deeds, and regard them as a priority of the economic development plan. Party committees and governments at all levels should include this project in their agendas of important affairs. Principal party and government leaders should give personal attention to this project and actively support it in terms of financial and material resources, manpower, and technical expertise. All departments and all relevant trades should also regard the development of village and town enterprises as an important task, work together, and give it energetic support.

We should fully implement and further improve various policies for developing village and town enterprises as soon as possible in accordance with the guidelines laid down by the 14th CPC National Congress and the State Council's "Decision on Accelerating the Development of Village and Town Enterprises in Central and Western China." We should continue to implement the preferential taxation policy by which all newly established village and town enterprises in the region will be exempted from product and income taxes for three years, beginning from the date an enterprise is checked, accepted, and commissioned for production. Moreover, all village and town enterprises will be exempt from regulatory taxes imposed on certain investment projects, and also from contributing to funds for energy and communications construction projects and funds for regulating budgets.

Village and town enterprises must be operated by townships, villages, and households—jointly or individually—with collective funds or through partnerships. In other words, they should "be driven by many wheels and they should operate on various tracks" and follow the course of partnership and cooperation. We should give energetic support to any enterprise, regardless of its economic ingredients, as long as it engages in legal operations. In terms of policies, we should treat independent and private businesses the same way we treat state and collective enterprises. There should be no discrimination whatsoever.

In developing village and town enterprises, various localities should suit measures to local conditions, make rational overall arrangements, cater to the needs of domestic and overseas markets, base their strategy on local resources, develop on any scale anything that is suited to local conditions and does not run counter to

state law stipulations. They should encourage village and town enterprises to utilize both above-ground and underground resources, vigorously develop intensive processing of farm produce and pastoral products, and develop coal mining, mineral mining, building materials, small hydroelectric plants, tourism, and other resource-based industries.

It is necessary to increase capital investments in village and town enterprises through various channels and set up a development fund for village and town enterprises. Branches of the People's Bank of China and various specialized banks and nonbanking financial institutions should take the development of village and town enterprises as a focal point in investing their funds. Beginning in 1993, the amount of loans given to village and town enterprises for fixed asset investments should increase by more than 100 million yuan from the preceding year to reach 500 million yuan by the end of the Eighth Five-Year Plan and should increase even further based on the needs arising during the Ninth Five-Year Plan. We should use 40 percent of the region's funds earmarked for helping impoverished areas to develop village and town enterprises. Enterprises with the necessary conditions may raise funds by issuing shares, bonds, and the like. We should allow the trial establishment of village and town enterprises in the form of investment companies or in-house financial companies within a group of enterprises. Efforts should be made to properly manage various kinds of funds to make the best of them.

Because implementing a joint-stock cooperative system is the development direction for village and town enterprises, it is necessary to vigorously and safely carry out such a system. Village and town enterprises should, through the establishment of an equity system, implement the joint-stock cooperative system, expand association and cooperation, attract funds from all quarters of society, and strengthen democratic management. Localities with the necessary conditions can even experiment with the joint-stock cooperative system in areas such as water conservancy, hydropower generation, aquatics, agricultural machinery, horticulture, and comprehensive agricultural development.

It is necessary to equip village and town enterprises with the qualified personnel they need by boldly selecting able persons who are bold in both thinking and action, skillful in management, and have matured through practice in the countryside; giving them a free hand in their work; and giving full play to their exemplary role as forerunners. We should make it possible for these able persons to enjoy the respect and status they deserve in rural society. Efforts should be made to train qualified personnel through various channels, at various levels, and in various ways. It is necessary to vigorously and properly provide professional training and adult education and adopt preferential policies to encourage cadres and workers of party and government organs and institutions; qualified personnel from institutes of higher learning, technical secondary schools, and scientific research units; as well as graduates of institutes of higher

learning, technical secondary schools, and five-year university courses to operate, contract, or establish village and town enterprises.

We should vigorously encourage and support the establishment of lateral economic ties. Anyone who sets up village and town enterprises and joint enterprises in our region in association with others inside and outside the region will enjoy favorable policies adopted for village and town enterprises by the regional and local authorities. We should encourage and support peasants from areas with inferior conditions to go to other areas with better conditions and set up village and town enterprises there. We should encourage peasants to go to cities to set up secondary and tertiary industries there. The various regional departments and bureaus and the various prefectures, autonomous counties, and cities should help selected counties and rural areas establish a number of small but successful industrial and commercial zones in two or three years which are devoted to secondary and tertiary industries.

We should safeguard the legitimate rights and interests of village and town enterprises, firmly prevent wanton collection of fees and fines and wanton apportioning of expenses and work, and strictly forbid changes to the status of enterprises or indiscriminately transfer enterprises' assets. We should protect the legitimate rights, interests, and revenues of village and township enterprises. Village and town enterprises should further perfect the contract system, strengthen self-construction and self-management, undergo in-depth reforms, adjust structures, improve the various rules and regulations, and comprehensively raise their qualities. We should pay attention to cultivating a strong supply and marketing contingent.

VI. Accelerate the Construction of Socialized Agricultural Service System

Developing a socialized agricultural service system is a strategic measure in developing a market economy in the agricultural and pastoral areas and in promoting the development of productive forces in the countryside. We should establish a service network that is suitable to the rural market economy and full of vitality in its operation; that offers quality, efficient, and comprehensive service before, during, and after production; and that provides overall service in technology, buying and selling, information, and capital. We should persist in integrating paid and free services. Through a socialized agricultural service system, we can apply science and technology more widely in rural areas to do things that cannot be done more efficiently or economically by individual households. We should link, step by step, thousands of household businesses together to achieve socialized mass production that combines small-scale household contracts with large-scale socialized services, to push forward agricultural modernization and commercialization.

A socialized agricultural service system should be established with the support of state economic and technological departments and on the basis of collective economic organizations, supplemented by various kinds of economic entities of a service nature. Agriculture, animal husbandry, veterinary, grassland, agricultural machinery, aquatic production, forestry, water conservancy, agricultural management, meteorology, supply and marketing, grain, finance, insurance, and other economic and technological departments at various levels should give full play to their role as the main force in a socialized agricultural service system. We should pay special attention to the construction of twin-level service organizations in counties and towns to ensure that there are preliminary service units in all towns and townships and service centers in all counties. In this way, we will be able to gradually form a network of socialized agricultural service at the regional, district (prefectural), county (city), and town (townships) levels.

By 1993, we should have completed the task of examining, evaluating, and reassigning current technical personnel in agrotechnical service organizations in villages and towns. The autonomous region should maintain current subsidies toward village and town service stations for financial and construction purposes; it should not suspend, abolish, and reduce them. We should vigorously organize village and town service stations to establish operational entities and earn incomes from these operations. Financial organizations and banks should offer enough funds to help service stations set up operational entities and quicken the pace of building village and town service units.

Efforts should be made to develop insurance services in rural areas. Based on the principle of voluntary participation, we should focus on promoting all kinds of insurance for planting crops, poultry and fish farming, village and town enterprises, houses and properties of peasants and herdsmen, tractors, farm machinery and tools, family planning, and old-age support for village cadres, peasants, and herdsmen. We should gradually expand the range of insurance, moving from production and life insurance to insurance pertaining to distribution, exchanges, and public welfare. We should introduce more insurance categories, charge proper insurance payments, and establish a social security system in rural areas to keep pace with market developments.

We should encourage various agricultural departments and bureaus in the autonomous region, as well as agricultural administrative and management units in various prefectures, autonomous prefectures, and counties, to set up economic entities, compete in the market, engage in commodity circulation, and provide support services in all fields. During the preliminary stage, we should allow economic entities a transition period of one to three years before they gradually separate from relevant agricultural administrative departments. We should adopt preferential policies regarding registration, the scope of business, the opening and settlement of accounts, and tax reductions and exemptions.

VII. Unswervingly Build Farming Infrastructure and Constantly Improve the Production Conditions

Strengthening the construction of infrastructure for agriculture and animal husbandry is the basic step for developing the rural economy and improving the overall agricultural production capacity. From now on, we should increase our input in agriculture, unswervingly carry out farmland and grassland construction projects, and provide "good care in five areas of agriculture and animal husbandry" with emphasis on water conservation projects, conscientiously develop agriculture in an all-around way, and continue to increase the reserve strength of agriculture and the potential for economic development in farming and pastoral areas.

Water conservation is a basic industry of the national economy. It is necessary for us to take the whole situation into account and plan accordingly, make overall arrangements, take comprehensive measures to harness rivers liable to flood areas along their banks, and carry out plans and arrangements step-by-step. We must continue to persist in combining efforts to increase water resources with those to conserve water and make efforts to conserve water our central task. It is necessary for us to implement the policy of integrating long-term construction with near-term construction and integrating farmland construction with prairie construction; successfully carry out construction of the first phase project of irrigation, drainage works, and environmental protection in the Tarim Basin, as well as construction of large and medium-sized key projects; do a good job of building water conservation facilities at counties likely to be plagued by drought; keep expanding the irrigated areas of both farmland and grasslands by improving irrigation conditions; make vigorous efforts to solve the potable water shortage problem for both people and livestock; and gradually strengthen our ability to resist natural disasters. We must gradually achieve industrialization of water conservation by diversifying our operations through such means as increasing water resources through the construction of more water conservation facilities and hydroelectric power stations and through workers' labor, with our attention being focused on ensuring an adequate water supply. It is necessary for us to strengthen control over water conservation; improve the system of taking comprehensive measures that integrate construction and management of water conservation facilities with their potential for yielding economic returns to harness flood-prone rivers; and see to it that the standards of water fare are gradually established in accordance with state policies. Meanwhile, we must step up efforts to carry out construction of electric power and communication facilities and roads and work to solve the electricity supply problem to counties and townships as quickly as possible.

It is necessary for us to accelerate the process of mechanization of agriculture and contribute to farm work, production, and life in both farming areas and in animal husbandry areas, and develop the secondary and tertiary

industries. We must look upon agricultural mechanization as an industry and promote its development accordingly. In this connection, farm machinery stations at all levels are required to establish and carry out projects in the fields of agriculture and sideline product processing, transportation, and circulation. It is necessary for us to use the mechanical development of agriculture as a space to create conditions for transforming industries and shifting the labor force in farmland and animal husbandry areas.

It is necessary for us to speed up the construction of projects for basic facilities such as warehouses, processing areas, transportation, and sales to meet the needs of a developing market economy for rough machining, intensive processing, and finished machining; step up construction of agricultural industries; increase the products of petroleum, chemical fertilizers, pesticides, veterinary drugs, and machinery; and equip the agricultural sector with sophisticated goods and materials and with advanced technology.

It is necessary for us to further improve the work of promoting comprehensive development of agriculture by successfully taking comprehensive measures to construct projects in the mountains and by the rivers and lakes and promote development of farm work and forestry. We must focus efforts on doing a good job of building major bases for grain, cotton, sugar crops, and animal husbandry production so that we may lay a foundation for sustained, steady, and coordinated development of large-scale agriculture and the national economy.

It is necessary for us to be determined to increase our input in terms of funds, goods, and materials into agriculture. Our investment in capital construction for agriculture and our funds to be used as financial support and as credit for agriculture must be increased in proportion to the autonomous region's increase in financial resources. There must be an increase in the proportion of investment in agricultural capital construction; and the magnitude of increase in the funds to be used as financial support for agriculture must not be less than the magnitude of increase in the amount for total financial expenditures. Bank loans and use of foreign funds must be tilted in favor of agriculture. All areas are prohibited from appropriating portions of special operating expenses for agriculture or the funds for agricultural development or diverting them to other purposes. Vigorous efforts must be made to guide peasants and herdsmen to increase their input in agriculture and mobilize and organize them to change the conditions for production through accumulation of labor.

VIII. Conscientiously Strengthen Leadership Over Rural Work

It is necessary for party committees and governments at all levels to place agriculture at the top of their agenda for various economic work and unswervingly persist in promoting its development for a protracted period of

time. We must continue to emancipate our minds, improve our understanding, and use the concept of the market economy and all-around development of the rural economy to promote development of large-scale agriculture, circulation, and market. It is necessary for us to further strengthen the party's leadership, do a good job of promoting the development of the primary organization with the party branch as the nucleus in real earnest, and give full play to the role of the party branch in both agricultural and animal husbandry areas as a fighting bastion and the exemplary vanguard role of party members. In particular, we must pay attention to choosing the right persons that will spearhead development of the market economy. We must conscientiously do a good job of promoting the building of spiritual civilization and taking comprehensive measures to maintain public order in rural areas. It is necessary for governments at all levels to uphold the principle of streamlining administration and improving efficiency in transforming their functions; successfully carry out construction of infrastructure projects for agriculture and for the markets in rural areas in a down-to-earth manner; continuously replenish the strength of the market, improve services, and expedite participation in the market by peasants and enterprises through such regulatory measures as increasing reserves, extending credit facilities, and so forth; and strive to provide better market predictions as well as information guidance, draw up plans and operational standards in a scientific way, conduct macroeconomic coordination to achieve an equilibrium between total supply and demand on the market, and strengthen the role played by the government as a coordinator and guarantor in the market system. Party committees and governments in all areas must concentrate on helping peasants and herdsmen increase their incomes, protect their interests, bring into play their initiative, and help them embark on the path to having fairly comfortable lives as the starting point, as well as the end result of their leadership over rural work.

All departments as well as all trades and professions must show concern for agriculture, rural areas, and peasants; vigorously support development of the socialist market economy in both agricultural and animal husbandry areas; and take the initiative to provide services for peasants as well as agricultural and animal husbandry areas to expedite their participation in the market.

It is also necessary for us to pay attention to solving the problem of imbalanced development between different areas and to further step up the work of helping impoverished areas promote development in our endeavors to improve rural work. We must continue to implement the policies adopted by the central government, the autonomous region, and every prefecture on granting preferential treatment to poor areas to help their development; draw up more measures aimed at helping them; and give them vigorous support in terms of funds, goods and materials, and technology to help them promote economic development, enhance their capacity to achieve

development by themselves, and emerge from poverty to prosperity as soon as possible.

To strengthen agriculture and improve rural work, it is necessary for us to establish a rural economic committee, in addition to the rural work department under the party committee, at the county level and above in accordance with the resolution adopted by the Second Plenary Session (Enlarged) of the Fourth Xinjiang Autonomous Regional Party Committee. Their staff will be the same small body of people working together under two different organizations who will be held responsible to the party committee and the government at the same time for successfully carrying out rural reform and construction in rural areas, mapping out strategies and seeing to their implementation, studying policies, fostering development of the market, and coordinating management duties.

Leading cadres at all levels must change their work style of leadership in a down-to-earth manner, improve their working methods, and take the initiative to carry out rural work in a creative way. It is necessary for them to resolutely get rid of bureaucracy, go down to the grass-roots units to conduct investigation and study, do more solid jobs, and stress practical results. In carrying out their work, they must have the spirit of tenaciously tackling a job without relaxing efforts until successful results are produced. They must pay very close attention to using typical cases as guidance and give play to the exemplary role of model townships, villages, and households that serve to promote rural work. They must rely on the masses, follow the mass line, and strive to turn our policies and measures into the conscious actions of the vast numbers of cadres and the masses.

Please comply with all the requirements listed above and act accordingly. In case regulations adopted previously or documents issued by various departments in the past contravene the decision, the latter shall supersede the former and shall be considered the standard.

Xinjiang Chairman Addresses Government Plenum

OW2602061993 Urumqi Xinjiang Television Network in Mandarin 1655 GMT 16 Feb 93

[From the "Xinjiang News" program]

[Text] The Eighth Xinjiang Autonomous Regional People's Government held its first plenum this morning. Wang Lequan, executive vice chairman of the regional people's government, presided over the plenum. Tomur Dawamat, chairman of the regional people's government; and Abulaidi Amudurexiti, Wang Yousan, (Wufur Abudula), Li Donghui, Aisihaiti Kelimubai, Zhang Heng, and Mijiti Nasier, vice chairmen of the regional people's government, attended the meeting. Hederbai, vice chairman of the Eighth Xinjiang Autonomous Regional People's Congress Standing Committee; Yibulayin Rouzi and (Shaning), vice chairmen of the regional committee of the Chinese People's Political Consultative

Conference; and Li Chi, deputy commander of the Xinjiang Production and Construction Corps, were invited to attend the plenum.

Chairman Tomur Dawamat delivered a speech entitled: The Current Situation and Our Tasks. He said: The new government, the first since the convocation of the 14th CPC National Congress, shoulders the important task of carrying out the 14th CPC National Congress guidelines in an all-around way. According to the targets set in the government work report to the first session of the Eighth Xinjiang Autonomous Regional People's Congress, the region will achieve a relatively comfortable standard of living along with the whole nation. This honorable and difficult task is on the shoulders of the new government. We must unite as one and work hard to live up to the expectations of the people of all nationalities in Xinjiang.

Speaking of the work for 1993, Tomur Dawamat said: We should maintain the steady development of agriculture. Leaders at various levels should cherish the good harvest and should not relax efforts nor become blindly optimistic. We should conscientiously strengthen leadership over agricultural and rural work, and put agriculture at the top of our agenda. We should unswervingly adhere to this policy. We should pay close attention to industry and transportation; firmly implement various regulations and rules as well as the recently promulgated "Implementation Measures Governing the Change of

Operating Mechanisms in the Region's Industrial Enterprises Owned by the Whole People"; and encourage and help enterprises to take the initiative to transform operating mechanisms and improve their overall quality. We should further open up to the outside world, grasp opportunities to make good and creative use of the various favorable policies adopted by the central government, and make greater progress on top of the breakthrough we achieved last year in the work of opening up to the outside world. We should put more stress on key capital construction; make efforts in business circulation; and do a good job in financial, banking, and social development to accelerate the overall development of society. In conclusion, Tomur Dawamat said: Comrade Mao Zedong said that after the political line is decided, cadres are the decisive factor. Therefore, we should eradicate out-of-date habits and long-standing practices in exercising leadership and doing our work. With a good work attitude, strong work enthusiasm, a new spiritual outlook, and a practical work style, we should be able to guide the people of all nationalities in the mighty torrents of reform, opening up, and modernization, push our economy more quickly onto new heights, and promote overall social progress.

Chairmen of the regional government committees and directors of the regional government offices and bureaus attended the meeting. Responsible comrades of relevant departments were present as observers.

Solons Want To Join Intellectual Rights Talks

OW2802030093 Taipei Voice of Free China in English
0200 GMT 17 Feb 93

[From the "News" program]

[Text] With the issue of intellectual property rights perhaps resulting in the listing of the Republic of China [ROC] on the U.S. [word indistinct] priority 301 list for retaliation under the U.S. trade law, lawmakers meeting Vice Foreign Minister Cheng Chien-jen on Tuesday suggested that a team of negotiators from the ROC be made up of both executive and legislative members. [words indistinct] This could help the eventual passage of related laws and regulations in the legislature.

At present only the executive branch is responsible for holding talks. In a conclusion reached [word indistinct] passed onto the Legislative Yuan for approval.

However, recently the legislature refused to pass (?some) articles of the previously agreed upon agreement between the U.S. and the ROC governing intellectual property rights.

The meeting between the lawmakers and the vice foreign minister resulting in lawmakers calling on the government to send a delegation to the United States prior to the scheduled March consultations to enable the U.S. to better understand the ROC's views on certain issues.

'Editorial' on 'Trade Dispute' With U.S.

OW2802203293 Taipei CHUNG KUO SHIH PAO in Chinese 15 Feb 93 p 3

[Editorial: "High-Level Government Officials Must Take Serious Approach Toward Sino-U.S. Trade Dispute"]

[Text] The pressure of possible U.S. trade reprisals began to mount soon after President Clinton's inauguration. The U.S. International Intellectual Property Alliance [IIPA] recently filed a formal suit with the U.S. Trade Representative's Office against our country for failing to keep promises on protecting intellectual property rights. It urged the U.S. Government to take immediate reprisals by applying Article 306 of the U.S. Omnibus Trade Act. All signs from the United States indicate that it will be difficult to avert trade reprisals from that country unless our side can find ways to resolve the problems, which are of much concern to the U.S. prior to the holding of Sino-U.S. consultations this March. The United States had threatened to take retaliatory measures against us in the past because of the collapse in Sino-U.S. wine and tobacco talks, and because of differences over duty-paid prices; those problems were finally resolved when our side made concessions to the United States. The background of the current dispute over intellectual property rights is far more complex than previous disputes. People are watching closely to see if the government can handle this impending economic and trade crisis smoothly, while taking into consideration the position of legislators and the legitimate rights

and interests of local industry. The diffusing of the current crisis will serve as a test of the new cabinet in dealing with financial, economic and foreign trade affairs.

This trade dispute with the United States is very thorny, because our country's executive departments made so many promises to that country last year. As these promises were not kept, and there is a possibility that they will not be fulfilled, the United States reacted strongly. According to present U.S. procedures on handling trade affairs, industries must file their charges against foreign nation's unfair trade practices prior to the middle of February; the U.S. Trade Representative's Office needs to present a "Report on Foreign Countries' Trade Barriers" to the Congress before the end of March; it then releases annual review results and the 301 provision watch lists at the end of April; a one month investigatory period and six months of consultations to reach a solution are provided for; real trade reprisal measures are only taken if agreements are not reached after those periods. The first-ever inclusion of our country by the United States last April in the list of "priority foreign countries" which violated the 301 provision shocked Taipei's government and business circles. At that time, to reduce trade frictions with the United States and to remove those barriers which bar our country from joining the GATT, President Li convened a meeting attended by senior officials from the Executive Yuan, the Legislative Yuan, and from the ruling party, for the purpose of studying countermeasures. In addition to President Li's declaration of our country's resolution on the protection of intellectual property rights, administrative departments also worked out action plans to protect intellectual property rights. Our country also signed a "Memorandum on Protecting Intellectual Property Rights" with the United States last June. The "Memorandum's" main contents include the Sino-U.S. Copyright Protection Pact, progress concerning legislation over cable television, export inspection of software that is sold with computers, and a stepped-up crackdown on piracy. In return, the U.S. side agreed to remove our country from the priority watch list.

The crux of the problem concerning the present crisis is that what with the lack of a consciousness of the crisis, a lack of willingness for cooperation, and poor administrative efficiency on the part of government departments, many past agreements the government reached with the United States on intellectual property rights were not enforced. This created distrust concerning Taiwan among the U.S. trade negotiators. That is why when the two sides again sit down for the next round of talks, the U.S. side, in order to ensure the results of the trade talks, call for making stricter and more detailed stipulations on enforcement details, which make the enforcement all the more difficult; a case in point is the export inspection of computer software. Under U.S. pressure, our side was forced to make more pledges to avert imminent problems. But due to a failure in raising enforcement efficiency, there has arisen a vicious cycle of

"the more promises that are made, the more impotent enforcement becomes." It is understandable that our countrymen are rather unhappy with the excessive demands that the United States has made on our country, and with its discriminatory treatment toward us; but the United States is also very angry at our perfunctory behavior; it, therefore, has threatened to apply the 306 Article, which provides for retaliatory actions without going through an investigation.

In addition to a lack of efficient enforcement by executive departments, a "opinion gap" between the executive and legislative branches poses a far thornier problem. Take the case of the Sino-U.S. Copyright Protection Pact, for example. As early as early 1989, executive departments had signed a draft agreement of this pact with the United States. Because of opposition, the Executive Yuan passed this pact only last June. The Legislative Yuan retained eight articles in this pact, including a ban on parallel imports of genuine products, when it reviewed the pact this January; and it urged executive departments to reopen talks with the United States. It has been international practice for executive departments to seek the approval of legislative departments on treaties and agreements they sign with foreign countries. Legislative departments must try to avoid overriding executive departments' agreements with foreign countries. This is particularly important to a country that is relatively weak in politically and economically; otherwise, it will give the impression to other countries that a particular country has problems with the operation of its government, and the country will lose the trust of foreign governments as a result. Before, our country's executive departments enjoyed advantages in decision-making power; they therefore tended to often conclude agreements with foreign countries without making the necessary consultations with legislative departments. With the beginning of a second term for legislators, however, there are indications that legislative power will gradually outstrip executive power; this past mode of decision-making has apparently been rendered obsolete. In the process of readjusting the political landscape, there is a need for legislative departments to exercise self-restraint with regard to talks involving foreign countries. Otherwise, officials working at executive departments will be hard pressed under double whammy coming from foreign governments and from their own legislative departments. Lately there have been a flurry of resignations by key officials at the copyright commission under the Ministry of Interior; this is an indication of a collapse of morale among executive branch officials. We must take heed of this phenomenon.

U.S. trading partners have begun to feel the heat of mounting pressure from the United States since the beginning of the Clinton administration. Concrete examples include a dispute between the United States and the EC over government purchases and over the levying of antidumping taxes on steel imports, as well as the U.S. plan to restore the "Super 301 Provision" to deal with Japan and other countries which have trade surpluses

with the United States. As for Taiwan and other newly industrialized countries, the United States is calling on them to step up the protection of intellectual property rights so as to increase earnings for U.S. businesses and employment opportunities for U.S. workers. Under such circumstances, there is a need to raise the degree of coordination with regard to trade talks with the United States, as well as raising the level of decision-making. As our country has not yet set up a special organ to conduct foreign trade negotiations, and as the "Sino-U.S. Trade Group," which was set up earlier by the Executive Yuan's Council for Economic Planning and Development and was disbanded, there is a need for the premier to seek consensus among the various ministries and commissions and make greater efforts to carry out promises, in order to cope with the current serious trade dispute. As for the differences in opinions between the Executive Yuan and the Legislative Yuan, the ruling party and the Presidential Office should make timely and vigorous coordination so as to break the impasse. We expect the new cabinet will realize the seriousness and urgency of the problem and seek solutions as soon as possible.

Official Urges Germany on Submarine Decision

OW0203084293 Taipei CNA in English 0749 GMT
2 Mar 93

[Text] Taipei, March 2 (CNA)—An official of the government information office told the German magazine "FOCUS" that the Republic of China [ROC] hoped the German Government would revise its decision regarding a recent ROC submarine deal.

"FOCUS" reporter Benno Kroll interviewed GIO Deputy Director-General T.H. Yeh recently for the ROC's stand on a military sale rejected by the German Federal Security Council.

Yeh told the journalist that the Republic of China wanted to reinforce its defensive strength with the military purchase from Germany, though the existing imbalance of military power on both sides of the Taiwan Strait would not change much even with the purchase of several submarines.

While the German Government was measuring the reaction from Peking in handling its relations with the ROC, Yeh pointed out that there was no reason for Germany to be afraid of Peking, who would only do whatever was necessary and foreign investments were of vital importance.

He added that economic relations between Germany and the ROC continue to improve. In the past five years, the trade volume has increased from US\$1.5 billion in 1988 to US\$7 billion in 1992. Yeh said that while military deals are not such pleasant business, they do lead to other economic relations.

'Harsh' Measures Planned for Trade With Japan

OW2802030493 Taipei Voice of Free China in English
0200 GMT 18 Feb 93

[From the "News" program]

[Text] The Economic Ministry has decided to implement harsh economic measures in dealing the trade issue with Japan.

With respect to Japanese home appliances generally considered to be the most competitive on the market, the Economic Ministry will not lower tariffs from them.

Vice Economic Minister (Yang Hsueh-chen) stated on Wednesday morning that the Republic of China [ROC] must give Japan a clear signal that it must show sincerity and resolve in trying to tackle the problem of the big trade imbalance between the two nations.

According to sources, Economic Minister Vincent Hsiao [Hsiao Wan-chang] has stated that his ministry will study ways to regulate the import of Japanese consumer goods.

(Yang) said that the ministry has yet to decide any concrete actions against Japanese consumer goods, but admitted that officials are studying the matter.

He stressed that the ROC, simply in order to enter the General Agreement on Tariffs and Trade, will not relax restrictions on Japanese goods unless Japan proposes a concrete plan to improve the worst [word indistinct] trade deficit.

The ROC registered a 12.8 billion U.S. dollars trade deficit with Japan in 1992. The figure is expected to surge 15 billion dollars this year.

Minister Aims To Reduce Deficit With Japan

OW2702135093 Tokyo KYODO in English 1313 GMT
27 Feb 93

[Text] Taipei, Feb. 27 KYODO—Taiwan's new minister for economic affairs said Saturday [27 February] he is aiming to find ways to reduce the island's yawning trade deficit with Japan.

P.K. Chiang, formerly vice minister for economic affairs, also said at a press conference Japan remains an important source of capital and technology for Taiwan.

"For its future economic development, Taiwan continues to need capital investment and technology from Japan, as well as Japanese machinery and component parts for development of our high-technology and scientific industries," Chiang said.

"We thus need to enhance our two-way relationship," he said.

However, Chiang emphasized that "in this process, the biggest obstacle is the expansion of our trade deficit with Japan, which last year reached 12.9 billion U.S. dollars and will grow this year."

"How we can formulate ways to reduce the deficit in the process of expanding two-way relations with Japan is our biggest problem," he said.

Chiang said Taipei has a five-year plan to reduce the deficit which focuses on expanding exports to Japan and looking for ways to reduce Japanese imports.

Chiang visited Japan in mid-February with a delegation of businessmen and an investment promotion team made up of Economic Affairs Ministry officials.

He said the purpose of the trip "was to enhance mutual relations and to encourage the Japanese Government, as well as the private sector, to give proper attention to the expanding deficit between our two countries and find ways to resolve the problem together."

Chiang said he met with "a relatively high government official" during the visit.

He said this official "hoped that in the future we will have opportunities to have close contact with each other to cope with some certain obstacles and allow our products to expand their sales in Japan and find ways to keep the deficit from expanding."

Chiang also told KYODO NEWS SERVICE that Taipei hopes to encourage more Japanese investment in Taiwan, particularly from companies in declining "sunset" industries in Japan.

He also said that a small number of Taiwan manufacturers have set up operations in Japan to break into the local market and Taipei is "guiding such companies in setting up bases for sales efforts."

Chiang said some progress had been made in Osaka, and Taipei is looking for low-cost space for Taiwan companies to set up marketing operations in Tokyo.

He said, "we're preparing to have industrial associations"—including those for machinery and electronics—set up after-sales service offices in Japan.

Norwegian Visitors Arrive in Taipei

OW0103092793 Taipei CNA in English 0747 GMT 1
Mar 93

[Text] Taipei, March 1 (CNA)—Upper house president of Norway Hans Rosjorde, heading a 12-member parliamentarian group, is arriving in Taipei today for a seven-day visit.

During his stay here, members of the group will visit leading government officials, including Legislative Yuan President Liu Sung-fan, Foreign Affairs Minister Chien Fu.

They will also visit cultural and economic establishments in the Republic of China.

Swazi King Extends Invitation to President Li*OW2702120593 Taipei CNA in English 0812 GMT
27 Feb 93*

[Text] Taipei, Feb. 27 (CNA)—President Li Teng-hui has been invited to visit Swaziland this September.

The invitation was forwarded in a letter from Swazi King Mswati the Third, to President Li when Li received Prince Sobandla Dlamini, visiting envoy from the south-eastern African country, at the Presidential Office Friday.

President Li has been asked to attend the 25th Swazi independence anniversary and the king's 25th birthday celebrations, both of which fall in September.

At the reception, Sobandla also expressed his wholehearted thanks for donations and relief supplies the Republic of China [ROC] provided to Swaziland last year when his country was hit by severe drought.

Sobandla, leading a delegation of eight members, arrived in Taipei Feb. 24 for a week-long visit.

During the past few days, Sobandla has met a number of ranking ROC officials and has visited important economic and industrial establishments around the island to learn from Taiwan's experience.

Relations between the ROC and Swaziland have been very close. The ROC has stationed a technical mission in Swaziland to help the African country develop its agriculture and industry.

Council To Pursue Cross-Strait Communications*OW2702123193 Taipei CNA in English 0828 GMT
27 Feb 93*

[Text] Taipei, Feb. 27 (CNA)—Huang Kun-hui, chairman of the Mainland Affairs Council [MAC], said that the establishment of a regular communication channel between the two sides of the Taiwan Straits will be his top priority.

Huang, who remains at his post in the new cabinet, said that he will continue to promote constructive relations between the two sides of the Taiwan Straits according to the national unification guidelines and the statute governing the relations of people on both sides of the Taiwan Straits.

He stressed that the protection of the rights of Taiwan businessmen investing in the mainland, document verification and authentication, and mutual cooperation to crack down on crimes are also the urgent work to be dealt with at the moment.

Huang said that a regular channel of communication will help solve the problems emerging from increasing exchanges of the peoples. He said that one of the options to communicate regularly may be to send working-level officials to hold regular meetings.

The draft on a verification and authentication of documents is expected to be completed before the highly-profiled Koo-Wang talks.

C.F. Koo is the chairman of the Straits Exchange Foundation, while Wang Dao-han heads Peking's Association for Relations Across the Taiwan Straits.

Government Publishes Rules on Mainland Investment*OW0203084093 Taipei CNA in English 0819 GMT
2 Mar 93*

[Text] Taipei, March 2 (CNA)—The government will publish Tuesday [2 March] a set of measures regulating economic activities across the Taiwan Strait.

Vice Economic Affairs Minister Li Shu-chiu said that the regulations governing approval of investment and technological cooperation with Mainland China will become effective March 4.

Under the rules, domestic manufacturers who fail to register their mainland investment projects within three months with the Investment Commission of the Ministry of Economic Affairs (MOEA) will be fined from NT\$3 million [new Taiwan] (U.S.\$115,000) to NT\$15 million (U.S.\$580,000).

Those who have already invested in Mainland China are required to report their investments to the commission before June 3, the vice minister noted.

The MOEA will simultaneously make public the 130 agricultural products, 3,811 manufacturing items, and 14 service sectors which have been approved for mainland investments.

The announcement will also specify the items prohibited from cross-strait investment—six in agriculture, 309 in the manufacturing industry, and four in services.

Items not specifically indicated in the new regulations will be screened on a case-by-case basis.

The new measures are aimed at putting cross-strait economic exchanges on legal footing, thereby ensuring the interests of Taiwan investors, Li said.

Currently, more than 2,700 domestic enterprises have registered their mainland investments, though the mainland has put the figure at more than 5,000.

Straits Exchange Group To Fill Leadership Vacancy*OW0103094693 Taipei CNA in English 0757 GMT
1 Mar 93*

[Text] Taipei, March 1 (CNA)—Deputy Presidential Secretary-General Cheyne J. Y. Chiu hinted Sunday [28 February] that he may become secretary-general of the

Strait Exchange Foundation (SEF), a quasi-official organization authorized to handle non-political exchanges with Mainland China.

Chiu will fill the vacancy left by Chen Jung-chieh who resigned at the end of last year, claiming that he was exhausted by the heavy demands placed on the SEF by the cabinet-level Mainland Affairs Council.

Chiu told the press while attending a ceremony at the Taipei New Park in memory of the victims of the "2-28 incident" that President Li Teng-hui may consult with SEF Chairman C. F. Koo on the appointment of a new secretary-general.

Press reports said that Chiu's appointment is likely to be announced in the next few days and that the SEF is scheduled to hold a board meeting March 11 to approve Chiu's appointment.

Many consider that the new post is not as glorified a position as being deputy secretary-general or the president. Chiu said, however, that "it is time to work, not to pursue personal fame."

Chiu, formerly a career diplomat, said President Li has concentrated on domestic constitutional and democratic reforms for the past three years. "He plans to focus on cross-strait and international relations for the next three years," Chiu noted.

He added that President Li will take aggressive actions to promote cross-strait exchanges in the years ahead.

Ties With Hong Kong Not To Change

*OW0103092893 Taipei CNA in English 0752 GMT
1 Mar 93*

[Text] Hong Kong, March 1 (CNA)—The Government of the Republic of China [ROC] will continue paying heed to its relations with Hong Kong and Macao, John C. I. Ni, ROC representative to Hong Kong said Sunday [28 February].

Ni, citing new ROC premier Lien Chan, told a press conference Sunday that the present status of Taiwan-Hong Kong ties would not change should Hong Kong remain a democratic entity after it reverts to Chinese communist rule in 1997.

Ni pointed out that Lien himself had played a role in the formulation of the ROC's Hong Kong and Macao policy during his tenure as foreign minister and vice premier. Ni said he believes that the ROC Government under Lien's premiership would give priority to Hong Kong and Macao affairs in the years ahead.

The present policy vis-a-vis Hong Kong and Macao, however, will be adjusted as the need arises, Ni added.

Meanwhile, Y. L. Shih, president of Taiwan's Youth Career Association, indicated that his association is

slated to open an office here which will provide assistance to association members intending to invest on the mainland.

Shih made the remarks while attending an inaugural ceremony for the Chinese Economic Exchange Association, whose objective will be to promote economic and trade exchanges and cooperative relations between Taiwan, Hong Kong and the mainland.

Indirect trade between Taiwan and the China Mainland via the British crown colony totaled U.S.\$7.4 billion in 1992, a hefty growth of 27.86 percent over the previous year.

The association currently has 6,000 members, hundreds of whom have invested on the mainland.

Economic Minister Reports on Foreign Investment

*OW2702123393 Taipei CNA in English 0835 GMT
27 Feb 93*

[Text] Taipei, Feb. 27 (CNA)—Multinational enterprises have responded favorably to the call for setting up their Asia-Pacific operation centers in Taiwan, Economic Affairs Minister Hsiao Wan-chang said Friday [26 February].

"World-class business groups have one after another came up with plans to open regional operation centers in Taiwan," Hsiao said in his report before the Kuomintang's decision-making Central Standing Committee Friday.

The idea was first presented late last year by Hsiao, who recommended that Taiwan, seen by many as a springboard to the mainland market, better utilize its geographical advantage and step up efforts to attract investments, particularly multinational enterprises.

Since then some enterprises have resolved to expand their operations in Taiwan. For instance, Philips, the Netherlands-based electronics giant, is planning to build a technology research and development center for the Asia-Pacific region, Hsiao pointed out.

Others are mulling over similar projects, Hsiao added. Among them, Motorola of the United States is taking a serious look at the proposal of shifting its present regional operations center from Hong Kong to Taiwan. Germany's Bayer group is considering a similar project estimated to cost billions of dollars, and Federal Express of the United States is pondering establishing an Asia-Pacific transshipment center in Taiwan.

Hsiao's report was given high marks. Hsu Sheng-fa, member of the Central Standing Committee and concurrently chairman of the Chinese National Federation of Industries, said that the ministry's push is much welcomed by the local business community.

Several other committee members shared Hsiao's proposal, that Taiwan would be entitled to replace Hong

Kong as a regional operation hub after the British crown colony reverts to Chinese Communist rule in 1997.

Hsiao, who has been named chairman of the Council for Economic Planning and Development, noted that the ministry has commissioned experts to present a detailed blueprint for the proposal.

Several measures were proposed as part of the overall plan, including the formation of free trade areas, the introduction of advanced industrial expertise into Taiwan, the adoption of financial incentives, and the revision of outdated laws, Hsiao noted.

Official Says KMT To Accelerate Party Reform

OW0203084193 Taipei CNA in English 0810 GMT
2 Mar 93

[Text] Taipei, March 2 (CNA)—Sung Chu-yu, secretary-general of the Kuomintang [KMT] Central Committee, said Monday [1 March] that the ruling party will accelerate the pace of party reform in response to the setback it suffered in the legislative election on Dec. 19.

Since then the KMT, from its grass-roots organization to the top levels of leadership, has been conducting a series of reviews of its poll failure, Sung said. These reviews are aimed at locating and getting rid of faults within the party, he said in a press conference Monday.

The KMT won about 53 percent of the votes in the Dec. 19 poll, down nearly 20 percent from its showing in the National Assembly election in the preceding year.

Among the reform proposals is the formation of a "policy guidance committee." The proposal will be submitted to the KMT's decision-making central standing committee for deliberation, Sung said, adding that "it will be finalized before the end of March."

Trying to clear confusion over the ad hoc committee's role, Sung stressed that it is not designed to replace the central standing committee. "It is created to help complete the tasks from a different angle," Sung said.

He went on to say that the party is taking a serious look at the proposal of selecting more lawmakers to the central standing committee, a democratic procedure which he said could better reflect the opinion of the general populace.

Sung, the nominee for next Taiwan provincial governor, also came up with a detailed explanation about the Dec. 19 poll and the supplementary election for Penghu county magistrate last week.

Turning to the provincial administration, Sung pledged to devote himself to the development of the land for which he has deep affection. The new governorship is pending the confirmation of the Taiwan Provincial Assembly.

He promised to step up communication with KMT assembly members and Democratic Progressive Party

deputies as well. "The nation after all belongs to us, and it is the common interest that we are striving for."

Key Economic Barometer Shows Decline in Jan

OW2702114093 Taipei CNA in English 0755 GMT
27 Feb 93

[Text] Taipei, Feb. 27 (CNA)—The government's key economic barometer plunged in January, as the economic performance was given a lackluster "yellow-blue" light.

The Council for Economic Planning and Development (CEPD) reported Saturday that the index of leading indicators, designed to forecast economic activities three to five months in advance, stood at 110.5 last month, down 0.6 percent from December.

The forward-looking statistics in January marked the lowest level in 20 months, CEPD officials said.

Despite this frustration, the officials noted, the trend of the domestic economy is still unclear due to the unknown effect of the Chinese New Year holidays late last month.

Meanwhile, January's index of coincident indicators, which reflects the country's economic health for the month, was rated at 133.8, a 0.8 percent decline from a month before.

The economy got a score of 19 in the CEPD-designed scaling system, which measures the economy based on nine major indicators: export value, stock prices, check default rate, export orders, money supply, industrial production index, banking lending, factory inventories, and the non-farming employment rate.

With the score, the economy got a disappointing "yellow-blue" light in January. By comparison, December won a healthy "green" light with a score of 24. The minimum score for a "green" light is 23.

Except for September and November in 1992 as well as January, the past 20 months have seen the flash of a safe "green" light, the officials pointed out.

The CEPD uses a five-color rating system to measure the country's economic prospects. "Red" light means the economy is overheated. "Yellow-red" signals brisk economic growth. "Green" indicates steady growth. "Yellow-blue" shows economic slowdown, while "blue" means recession.

In January, the two indicators of industrial output and check default dipped from the "green" light to the sluggish "blue" one, export value fell from "yellow-blue" to "blue," and the others remained unchanged.

An accompanying survey conducted by the CEPD on domestic manufacturers shows that orders received last month shrank 5.6 percent from December but widened 2.9 percent from a year ago, while production capacity stood at 72.5 percent, slipping 4.3 percentage points and

3.5 percentage points respectively from a month and a year earlier in 92. On the economic outlook for the next three months, 56 percent of the manufacturers polled forecast no change, 30 percent predicted that it will turn for the better, and the remaining 14 percent said that it will get worse.

Minister Stresses Need for Competitiveness

OW2702111993 Taipei CNA in English 0747 GMT
27 Feb 93

[Text] Taipei, Feb. 27 (CNA)—The government's new economic policy is expected to put emphasis on strengthening the international competitiveness of Taiwan exports.

New Economic Affairs Minister P. K. Chiang, who assumed the post Saturday, said that his No. 1 priority will be to enhance economic vitality in the face of growing challenges from abroad.

Trade barriers from regional economic blocks, stiff competition from low-priced products of developing countries, and the pressure to open markets under the rising free trade trend are among the thorny problems facing this country, he pointed out.

The Taiwan economy, touted as a successful model for developing countries, is now [word indistinct] a difficult climb in order to rank in the developed camp by the turn of this century, he noted.

Saying that he shared the same economic philosophy with his predecessor Hsiao Wan-chang, now chairman of the Council for Economic Planning and Development, the minister pledged that his ministry will continue its efforts to prop up domestic investment willingness.

Improving the investment climate, upgrading the industrial base, and exploring overseas markets will be the best means to achieving this end, he elaborated.

On trade ties across the Taiwan Straits, Chiang said that the government could not restrain domestic manufacturers, who enjoy the advantage of shared language with their mainland counterparts, from doing business on the mainland.

In terms of pragmatism, he noted, Taiwan investors could not neglect the vast mainland Chinese market, which has become the focus of world attention in recent years.

Governor Nominee Campaigns for Position

OW2702123493 Taipei CNA in English 0842 GMT 27
Feb 93

[Text] Taipei, Feb. 27 (CNA)—Sung Chu-yu, nominee to succeed new Premier Lien Chan as Taiwan governor, said Friday that he loves Taiwan and is willing to work together with local residents to push through with Taiwan's development.

Currently secretary-general of the ruling Kuomintang Central Committee, Sung was endorsed as candidate for the next governorship by the KMT Central Standing Committee Friday.

He told the press after the endorsement that he would commit himself to the development of Taiwan if his nomination is confirmed by the Taiwan provincial assembly.

Sung, a native of Hunan Province in Central China, emphasized that he "was raised on Taiwan-grown rice." In an apparent goodwill gesture, the mainland-born Sung thanked the support of the local residents in Taiwanese and Hakka.

Sung expressed the hope that he would be given the chance of serving the people and the land which has nurtured his growth. He said he is more than willing to strive for the prosperity of the land, along with all local residents who he said share the same destiny.

KMT Chairman Li Teng-hui received Sung immediately after Friday's meeting, asking him to try his best to serve the provincial citizens.

Losing no time, Sung then started to visit several former provincial governors, including Premier Lien Chan, Judicial Yuan President Lin Yang-kang, and senior advisor to the president Chiu Chang-huan, to solicit their suggestions.

Sung also paid a courtesy call on Chien Ming-ching, speaker of the Taiwan Provincial Assembly, and Chen Chao-lang and Chien Sheng-yi, both members of the Taipei County Assembly.

Sung's island-wide call on assemblymen will last until March 14. The assembly is scheduled to exercise its right of confirmation on March 16.

The governor nominee, however, would not comment on whether he would vie for the post once it is open to public election, whose date has not yet been fixed.

Meanwhile, Tu Teh-chi, commissioner of the Taiwan provincial government's Department of Civil Affairs, was named acting governor Friday. He will serve until a new governor is sworn in.

Thousands Commemorate 1947 Uprising, Killings

OW0103013193 Tokyo KYODO in English 2358 GMT
28 Feb 93

[By Wang Huo-sheng]

[Text] Taipei, March 1 KYODO—Over 5,000 people marched in Taipei on Sunday [1 March] to commemorate the 46th anniversary of the "February 28th incident" of 1947, in which thousands were killed by nationalist Chinese soldiers suppressing a spontaneous uprising.

A group of about 50 relatives of "2-28" victims led the procession, followed by representative groups of Taiwan's main ethnic groups—Mainland Chinese, Hakka, indigenous people and the Fulao, who are descendants of early settlers from Fujian.

Participants, from a wide variety of social and political groups, carried yellow flowers to symbolize the hope for the return of the victims.

The march was completed at 6:30 p.m. without incident at the massive memorial built for the late strongman Chiang Kai-shek, who died in April 1975.

The incident was a virtual taboo until a nearly 40-year-old martial law decree was lifted in mid-1987 and Taiwan-born Li Teng-hui became president in January 1988.

Since then, top government officials have expressed regret over the incident and issued an official study of the affair. In 1992, the Legislative Yuan also passed a bill calling for compensation for victims and their families.

On February 28, 1947, a spontaneous uprising began against the administration of Governor General Chen Yi, sparked by the killing of a Taiwanese woman by Chinese soldiers the previous evening.

When the Chinese Government recovered Taiwan after 50 years of Japanese colonialism in October 1945, Kuomintang (Nationalist Party or KMT) strongman Chiang Kai-shek appointed Chen to govern the island. But rampant carpetbagging and inflation under Chen led to widespread dissatisfaction.

Forces sent by Chiang from the mainland to suppress the uprising killed thousands, including many Taiwan intellectuals.

The wounds left by "2-28" led to decades of mistrust between the KMT government and local people and tension between mainlanders and Taiwanese residents after Chiang's government fled to Taiwan after losing the mainland to the Chinese communists in 1949.

The day's major event was a "march for the reconstruction and rebirth of Taiwan. [no closing quotation marks as received] The march, sponsored in part by the opposition Democratic Progressive Party (DPP), began at 2 p.m. at the site of the killing that sparked the incident along the Tansui River.

Hsieh Chang-ting, a DPP legislator, said Sunday's march was the first large-scale event of its kind.

"It is a new start for harmony. It marks the end of an age of terror and hate. Four ethnic groups are striving for Taiwan's rebirth."

Elsewhere in Taipei, Chang Hsiao-tzu, dean of Soochow University and the illegitimate son of the late President Chiang Ching-kuo and a grandson of Chiang Kai-shek, led a memorial ceremony for students and teachers who were among those killed.

Ground-breaking ceremonies for the erection of memorials in Taipei and Kaohsiung were also held Sunday morning.

A group of legislators in Taipei held a meeting calling on the Taiwan Government to give permission for refugees from the incident who settled in Mainland China to return to Taiwan.

Interior Minister Wu Po-hsiung, who himself lost an uncle in the incident, spoke at the ground-breaking ceremony for a memorial in Taipei's new park on Sunday morning.

Wu said that "even after 46 years, the negative side effects of this incident still exist and threaten the formation of the community of shared destiny among our 20 million people."

He said that the establishment of the memorial was one of several measures adopted by the Taiwan Government "to face the problems in order to dissolve these side effects."

Wu announced that the Ministry of the Interior had extended registration for victims and their families of the February 28th incident from its previous deadline of January 31, 1993 to June 30, 1993.

Part of the reason for the move was the fact that only about 500 people had registered by the deadline, he said.

Official Stresses Policy To Protect Animals

*OW2602094793 Taipei CNA in English 0754 GMT
26 Feb 93*

[Text] Taipei, Feb. 26 (CNA)—A ranking official Thursday called on world conservationists not to mix up trade affairs with wildlife conservation.

Sun Ming-hsien, chairman of the Council of Agriculture (COA), made the remarks after learning that four animal rights and environmental protection groups are launching an international campaign to boycott Taiwan products for an end to the nation's trade in wildlife products.

Sun said trade sanctions against Taiwan will not only affect Taiwan industries and businesses, but will also adversely affect Taiwan's trade partners around the world.

Taiwan was accused by the Animal Welfare Institute, the Earth Island Institute, the Environmental Investigation Agency and the Humane Society of "widespread use of tiger and rhino body parts in traditional Chinese medicine."

COA Vice Chairman Lin Hsiang-neng said despite the fact that the Republic of China [ROC] is not a member of the convention on international trade in endangered species (cites), the government has consistently worked toward wildlife protection based on the cites principles and spirit.

Since the nation enacted a wildlife protection law in June, 1989, violators have been legally convicted in 138 wildlife harassment cases and have received due penalties, Lin said.

Lin said it is unfair to single out Taiwan as an offender while other Asian nations, especially Chinese-speaking nations, also trade in endangered animals.

Lin said promotion of wildlife protection should be conducted in a peaceful and impartial manner. Prejudice and partiality will only backfire on a nation which is seriously implementing wildlife protection policies, as is the Republic of China, he added.

Hong Kong

Li Peng Says UK 'Must Return' to Declaration

OW0103123993 Beijing XINHUA in English 1222
GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—Premier Li Peng said here today that China and Britain can have talks on Hong Kong issue, but the British side must return to the basis of "the Sino-British Joint Declaration, dovetailing the Basic Law, the agreements and understanding reached by the Chinese and the British Governments."

Li made the statement in a meeting with a visiting group from the Cooperative Resources Center, a political organization in Hong Kong.

The group, led by Allen Lee Peng-fei, convener of the Cooperative Resources Center, arrived here this morning.

During the hour-long meeting, the visitors explained to Li Peng their position on Hong Kong's political system, expressing the hope that China and Britain hold talks to resolve the problem.

They agreed with Li's remarks, according to Chinese officials present at the meeting.

Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, attended the meeting.

Earlier today Lu Ping also exchanged views with the visitors on Hong Kong's political system.

Allen Lee and his colleagues went to London early this year to explain their views on Hong Kong issue.

Li Peng Reaffirms Stance on PRC-UK Talks

HK0203051493 Hong Kong WEN WEI PO in Chinese
2 Mar 93 p 2

[By staff reporter Chen Chien-ping (7115 1696 1827): "Li Ping Reaffirms That Sino-British Talks Can Be Held But Britain Should Return to the Track of Three Principles"]

[Text] Beijing, 1 Mar (WEN WEI PO)—State Council Premier Li Peng said here today that China and Britain can hold talks. But, he added, the British side must return to the track charted by the Sino-British Joint Declaration, the Basic Law, and the agreements and understanding reached by the two sides.

Li Peng received a visiting delegation from the Hong Kong Cooperative Resources Center headed by Allen Lee Peng-fei in the Zhiguang House, Zhongnanhai, this afternoon. He made the above statement when asked whether China and Britain could reopen talks. The guests expressed their consent. When answering the guests' questions about Hong Kong's political structure, Li Peng pointed out: It was the British Hong Kong authorities who stirred up trouble. They tore up the

agreements already reached by the two sides. This is not a problem of whether there is democracy or not. If one can deny what one has signed and tear up the agreements and if one continues to do so, any principles will be to no avail. Thus, it can be said that this is where the stumbling block lies. If they do not act in good faith, it is meaningless holding talks. Therefore, we must make it clear that the talks must be based on the "three principles." Only in this way can talks be held in sincerity.

Li Peng said: We do not want Hong Kong to be thrown into confusion. If that happened, it would not be in the interests of the British side. We hope the Chinese and British sides will cooperate to maintain Hong Kong's stability and prosperity and to ensure a smooth transition.

Li Peng stressed: The Hong Kong issue is a matter between two sovereign countries. The agreements reached by China and Britain cannot be repudiated by any local authorities. Therefore, on these problems of principle, we must guard against the advent of a "three-legged stool."

Lu Ping Says 'No Decision' on PRC-UK Talks

HK0203024793 Hong Kong WEN WEI PO in Chinese
2 Mar 93 p 2

[By reporters Li Hsiao-ping (2621 4562 0393) and Yang Fan (2799 1581): "Lu Ping Says There Is No Significance in Holding Talks If the Precondition Is Not Resolved"]

[Text] Beijing, 1 Mar—Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, said today that, if China and Britain can reach an agreement through diplomatic talks, the British have the responsibility to implement and put into practice its contents in Hong Kong. When making the above remark to the Hong Kong Cooperative Resource Center delegation currently visiting Beijing, however, Lu Ping added: There has been no decision yet as to whether China and Britain will hold talks, because the precondition for the talks has not been resolved. He pointed out: If the agreement reached through the talks cannot be implemented and put into practice, the talks would be completely meaningless.

Lu Ping said: If China and Britain can reach an agreement through diplomatic talks, the governments of both countries have the responsibility and duty to implement it and put it into practice. As to how the British will implement it, it is their business. In any case, once an agreement is reached, it ought to be honored. If not, it would be a second violation.

Lu Ping also indicated that it would be a joke if a local legislative council could veto the agreement made by two sovereign states.

When commenting on Sino-British cooperation at the meeting, Lu Ping said: The Chinese side did, does, and will continue to hope for cooperation. The theme of the Sino-British Joint Declaration is maintaining stability and ensuring a smooth transition. The key focus of the

relevant articles in the Basic Law is also on Sino-British cooperation. We all know that there are different ways to take Hong Kong back [shou hui xiang gang you ge zhong fang shi 2392 0932 7449 3263 2589 0677 4429 2455 1709], but the Chinese side would like to cooperate with the British side, otherwise the talks would be superfluous. We all hope that the method of the "through train" can be adopted, but it would not be able to get through without cooperation. Lu Ping stressed: The Chinese side has always shown a positive attitude toward talks and cooperation. However, the British side must abandon Chris Patten's proposals. He said: I wonder if some British have come to the wrong conclusion that feebleness on the part of Britain would be a loss of face? But the current problem is not one of face, but rather whether we should keep our promises.

Zhou Nan Urges Preparation for Talks Outcome

HK0203062893 Hong Kong WEN WEI PO in Chinese
2 Mar 93 p 2

[Report: "China Must Prepare Itself for Both Eventualities To Ensure a Smooth Transition"]

[Text] The deputies to the National People's Congress [NPC] and members of the national committee of the Chinese People's Political Consultative Conference [CPPCC] who attended a meeting hosted by XINHUA yesterday said that Zhou Nan, the director of XINHUA's Hong Kong branch, had said at the meeting that China must prepare itself for both positive and negative eventualities. Even if China and Britain cannot come to an agreement, all-out efforts must be made to ensure a smooth transition and realize the goal of "one country, two systems."

Tsou Tsan-chi [6760 3503 1015], member of the CPPCC national committee, said after the meeting that what had impressed him most at this meeting was that Zhou Nan had mentioned the need to prepare for both eventualities, that is, to prepare for fruitful talks as well as fruitless talks. The best situation would be that of the two sides reaching an agreement, but it is no big deal, and the sky will not fall down if this does not happen. If China is prepared for both eventualities, it will be in an invincible position.

Tsou Tsan-chi maintained that it is not yet the time for talks and that promises, including the Joint Declaration, Basic Law, and Sino-British diplomatic agreements, must be kept if talks are to be held.

NPC deputy Liu Yiu-chu said: Today the British want to talk. Provided that they can keep their promises, it would be ideal for the two sides to reach an agreement. Director Zhou Nan made it very clear, however, that China must be prepared for both fruitful and fruitless talks. It is better to be prepared. If the talks cannot bring any result, China will make its own move. China has the will, competence, and confidence. No matter what happens, the provisions in the three documents must be observed to ensure a smooth transition.

UK's Douglas Hurd Vows 'No Secret Deals'

HK2802070193 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 28 Feb 93 p 10

["Exclusive" interview with British Foreign Secretary Douglas Hurd by unidentified reporter; from the "Agenda" page; place and date not given]

[Text] Q—China has repeatedly said it will not accept Governor Mr Chris Patten's proposed reforms. How do you see this impasse being resolved?

A—We regret we have not been able to resolve our differences with China over Hong Kong. Hong Kong is not the only component in Sino-British relations. We are permanent members of the United Nations Security Council, have important commercial relations and an active programme of high-level visits in both directions.

But Hong Kong looms large, so the better our cooperation over Hong Kong, the closer the overall Sino-British relationship will be. We have made it clear all along our commitment to implement the Joint Declaration in full and our willingness to discuss the 1994/95 electoral arrangement with the Chinese side. We continue to hope we can reach a solution acceptable to all sides, but it would have to provide for electoral arrangements that are open, fair and acceptable to the people of Hong Kong.

Q—What can you do, as Foreign Secretary, to rebuild Sino-British relations? Given China's refusal to talk to Governor Mr Chris Patten unless he withdraws his proposals, are you ready to take a more active role, dealing directly with Beijing when they refuse to talk to the Governor?

A—We continue to believe the best way to resolve differences, whether over Hong Kong or anything else, is to sit down and discuss the issues in a mature and considered way. That is the approach we have adopted from the start. The Governor said when he announced his proposals on October 7 that they were for discussion, and we would like to discuss them with China.

We have repeated our invitation to the Chinese authorities many times over recent months to join us in talks about electoral arrangements, and we shall continue to follow this sensible course. As you know, the Chinese Foreign Minister (Qian Qichen) and I have agreed to meet twice a year, and I look forward to our next meeting. No dates have been set.

Q—Will the British Government positively support 1995 election arrangements put forward by the Governor and Executive Council in the Legislative Council [Legco] debate, or adopt a neutral stance? Do you accept Beijing is worried the contents of diplomatic discussions with Britain will be disclosed; are you prepared to guarantee they will be kept disclosed, and are you prepared to guarantee they will be kept confidential, even if it brings charges of "secret talks" from Hong Kong people? [sentence as published]

A—The Prime Minister (John Major) and I, and the Minister of State, Mr Alastair Goodlad, have repeatedly said the Governor's proposals have the full support of Her Majesty's Government. Soon after Mr Patten's appointment, I recall him saying that, on Hong Kong policy in the future, "you will not be able to put so much as a piece of tissue paper between me and the Prime Minister". He was right—you can't. And the same goes for me and Mr Goodlad.

We hope to hold talks with China to see if we can reach an understanding on these matters which we could honourably recommend to Legco, whose constitutional responsibility it is to enact the legislation. We will stand by Legco's decision. Obviously, the content of diplomatic discussions will have to be confidential, although, as I said, if we were able to reach an understanding with the Chinese side, we would recommend it strongly and sincerely to Legco. There will be no secret deals.

Q—Does convergence and the through train remain a goal of British policy, and is it a primary goal? How do you react to criticism of present policy from those who played a key role in British policy towards Hong Kong in the past (i.e. Sir Percy Cradock, Lord Macleahose)?

A—The Governor's proposals were specifically designed to be compatible with the Joint Declaration and the Basic Law in order to facilitate the through train in 1997. Yes, it remains our policy to seek greater co-operation with China in the interests of achieving a smooth transition. Nothing we have done has deviated from that policy. The distinguished former public servants you mention are entitled to their opinions. But they are not opinions that I share.

Q—China's statements on the reform proposals seem designed to undermine support by warning Hong Kong prosperity and stability may be threatened. How can you reassure Hong Kong people this is not so? What can Britain do to protect those who fear they have exposed themselves to personal risk after 1997 by supporting British policy? Will London consider this in fixing the quotas for various professions in the second tranche of the British nationality scheme?

A—Nothing in the Governor's proposals presents any threat to Hong Kong's stability and prosperity. On the contrary, they seek to reconcile, on the one hand, the desire in Hong Kong for a modest increase in the pace of democracy, and on the other, China's view that the Basic Law cannot be changed before 1997. As such they are a positive contribution to the maintenance of that stability and prosperity. Through the development of southern China, Hong Kong and the People's Republic of China are establishing closer relations.

For us to make a success of the concept of 'one country, two systems'—which the Governor's proposals firmly support—is in everyone's interest. As for Legco, the constitutional position is clear: Legco is responsible for enacting the legislation for the 1994 and 1995 elections. I have no doubt that, when the time comes for Legco

members to take a decision, they will have the interests of the people of Hong Kong in mind. As for the British nationality scheme, there are no plans to fix the quotas for the second tranche in the way you suggest. But it will be open to Hong Kong people who wish to do so, and who meet the rules for eligibility set out in the legislation, to apply in the second tranche.

Q—Is it realistic to expect much progress in the Joint Liaison Group [JLG] given the present political climate? Are you concerned by predictions the JLG will be unable to complete its business by 1997, and should some JLG business be moved to another arena?

A—The Joint Declaration commits our two governments to "closer co-operation in the second half of the transition period", and makes the JLG the forum for such co-operation. Naturally, we would like to see a faster pace of work. There is much important work to be done and not much time to do it. It was for that reason the Prime Minister and Premier Li Peng agreed, in September 1991, "that the two governments would make joint efforts to accelerate work in the JLG so as to ensure the group will successfully complete all the tasks set out in the Joint Declaration". We would like to see that translated into practice.

Q—Is seeking more than 20 directly-elected seats in 1995 a high priority for the British Government, and will you raise the matter with Mr Qichen at future meetings? Is this seen as an alternative, or complementing, the Governor's proposals, and would London support a unilateral increase above 20 in 1995, were this passed by Legco?

A—What we want to do is to make a clear move forward in 1995. One way to do that is to increase the number of directly elected seats. Another way is that set out in the Governor's proposals.

Q—In the 1990 diplomatic exchanges you suggest the British might make every effort to encourage people of moderate views, including those in the business community, to play an active part in the political life of the territory? What was the purpose of your reference to "moderate sensible opinion" in those exchanges, and how do you react to liberal legislators, now supporting the Governor's political reforms, who see this as an insult to them?

A—As I have said on many occasions, we are committed to maintaining and preserving prosperity and stability in Hong Kong. Naturally, we would want to encourage moderate and sensible people from all sectors of Hong Kong society to participate in political life. What sort of society would benefit by encouraging "immoderate and non-sensible" opinions? I seriously doubt that any of Hong Kong's legislators would be insulted by such an eminently reasonable proposal. I'm sure none of them regard themselves as "immoderate and non-sensible", and neither do I.

Q—If Mr Patten's proposals fail to be accepted by China and it refuses to talk about other issues, how can you see him remaining an effective Governor? Can you envisage a situation from now to 1997 where there is only minimal contact between a Hong Kong Governor and Beijing? Should such a situation arise, how would Britain answer calls to replace the Governor?

A—Chris Patten is an outstandingly effective Governor, and I have no doubt he will continue to be so until June 30, 1997.

Q—The airport and a number of other important business issues are being held up pending agreement by China. How do you see this situation being resolved?

A—As I said earlier, the best way to resolve differences is to sit down and discuss the issues in a mature and considered way. We have discussed the question of airport finance with the Chinese authorities on many occasions, and have made a number of proposals designed to meet their concerns. So far, we have not reached agreement, but we shall continue our efforts to do so. Until then, the Hong Kong Government will continue to do what they can, on a step by step basis, to meet their obligations under the Memorandum of Understanding to build as much as possible of the airport before 1997.

Editorial on Interview

HK2802071593 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 28 Feb 93 p 12

[Editorial from the "Agenda" page: "Legco's Future Back on the Line"]

[Text] What is the difference between a secret deal and a deal done in secret? A moot point, perhaps, but pertinent this week as London and Beijing appear to be edging their way at a painful snail's pace towards the negotiating table. British Foreign Secretary Mr Douglas Hurd assets in an interview with this newspaper today: "There will be no secret deals". But he adds: "Obviously, the content of diplomatic discussions will have to be confidential...." Secrecy is, of course, the oxygen of diplomacy. Without the privacy of confidential contacts, little or no worthwhile work would be done.

It would be naive to think otherwise, and most in Hong Kong would rather have secret talks than no talks at all. But it is also a double-edged sword. And the increasingly clouded atmosphere of the current state of relations between Britain and China will make it all the more difficult for Governor Mr Chris Patten to sell any successful outcome of talks to the territory's people. For sell it he must if it is agreed between the two sovereign powers.

Mr Hurd says as much when he maintains in his interview: "If we are able to reach an understanding with the Chinese side, we would recommend it strongly and sincerely to Legco [Legislative Council]." And it could turn out to be the toughest battle yet for a man who has

so firmly pinned his hopes on one plan, and who may yet have to convince and cajole support for another.

Mr Patten has pledged a statement soon to explain why his package of reforms is still stalled in limbo between the Executive and Legislative Councils. It is right that he should make such a statement. And as soon as he practically can. Not only for the sake of the "transparent" administration he promised when he arrived. But also for the sake of his supporters, increasingly suspicious and uncertain. He will need them sorely should negotiations result in a deal on Hong Kong's future. Without their help he cannot hope to push an amended package through a Legislative Council divided over the way forward and fretful of being manipulated and sold out.

And councillors have every right to be concerned. For if one thing did emerge with increasing clarity from a week of impenetrable diplomatic exchanges—if exchanges there were—it was that China has lost none of its suspicion towards them. Indeed, the future role of Legco may be more of a sticking point for China than the reforms themselves. Beijing has always shown a deep distrust of the creation of what it calls a "three-legged stool". Almost from the time the two powers started talking about the territory's future, it was plain that China wanted none of a directly elected body with powers to approve or veto the executive.

Paradoxically, it is probably why China is now more willing to consider discussing constitutional reform with Britain now. Beijing fears a Patten plan passed by Legco and endorsed by the people much more than a package of ideas promoted by a new governor from London. As a mark of just how the Legislative Council's role is still viewed by Beijing, the pro-China newspaper Ta Kung Pao suggested last week that talks would only begin if London agreed to make any understanding binding on "all councils of the region". That, of course, includes Legco.

Mr Hurd, on the other hand, says in his interview today: "We hope to hold talks with China to see if we can reach an understanding on these matter which we could honourably recommend to Legco, whose constitutional responsibility it is to enact the legislation. We will stand by Legco's decision." From this, it would appear both sides have still some way to do before they can agree a framework for negotiations. But if they do, it will not just be Mr Patten's political reforms that will be on the line, but the power of the Legislative Council and, with it, the voice of the Hong Kong people.

Patten Assures Any Deal Needs Legco Approval

HK0203063093 Hong Kong AFP in English 0621 GMT 2 March 93

[Excerpt] Hong Kong, March 2 (AFP)—Britain will make no agreement with China on Hong Kong's political reform that is not acceptable to the colony's legislative council [Legco], Governor Chris Patten said Tuesday.

He also promised a major statement by week's end on the state of Sino-British diplomatic contacts aimed at resuming talks on Hong Kong's transition to Chinese rule in 1997.

Patten's remarks came a day after China obliquely insisted that any agreement on political reform that might come out of Sino-British talks need not be ratified by the legislative council.

Such an arrangement would effectively mean Hong Kong people would have no direct say in how they are to be governed—and last weekend, British Foreign Secretary Douglas Hurd told a local newspaper there would be no secret deals with China over Hong Kong.

"I don't think anyone would expect, if talks were to take place, that the Hong Kong government or the British government would reach any agreement which we didn't believe would be acceptable to the people of Hong Kong and acceptable to the legislative council," Patten said.

The "reality" of legislative procedure in Hong Kong, he added, was that political reforms should go before the council.

While diplomatic exchanges continue, mainly in Beijing, Patten said: "I'll be making a statement before the end of the week which will set out the way ahead."

Patten is scheduled to leave Thursday for an official visit to Japan. Asked if he might make the statement there, he only replied: "I'm looking at my travel arrangements at the moment." [passage omitted on background]

Governor Patten To Visit Japan, Europe

HK2602085493 Hong Kong AFP in English 0741 GMT 26 Feb 93

[Text] Hong Kong, Feb 26 (AFP)—Hong Kong Governor Chris Patten is to make a five-day visit to Japan from next Thursday, to be followed a month later by a trip to Europe, a government spokesman said Friday.

Patten, who last visited Japan in December, is to address the annual meeting of the United Kingdom-Japan group at Awashima, and meet Japanese political leaders, government officials, bankers and executives in Tokyo, he said.

"The invitation to Mr. Patten is a major opportunity to explain Hong Kong's pivotal role in the economic development of south China and the region," the spokesman said.

Patten is also to visit Brussels on April 1-2 to meet representatives of the Belgian government and European Commission to discuss trade and other issues.

From there he will go to London, where he will see British ministers and officials, and speak to the Royal Institute for International Affairs and the Tory reform group.

Patten's trips to Canada and Japan last year were seen by Beijing, which opposes his bid to broaden Hong Kong's

electoral franchise before the colony reverts to Chinese sovereignty in 1997, as attempts to seek foreign support for his proposals.

China has warned other countries not to intervene in Hong Kong affairs.

PRC Using Fishing Ships 'To Spy' in Harbor

HK2802073693 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 28 Feb 93 p 3

[By Chris Dobson]

[Text] In a bizarre twist to the spate of piracy in and around Hong Kong waters, police believe a fleet of Chinese decoy vessels carrying mainland officers is being used to spy on maritime traffic in Victoria Harbour. The claims come as the British Department of Transport issued a warning to ship owners, masters and crew members about acts of piracy and armed robbery in southeast Asian waters.

In the latest attacks, all in an area covering the open sea between Hong Kong, Hainan and Luzon—known as "pirate triangle"—men wearing green uniforms have shot at ships with assault rifles, flares, machine guns and rocket-propelled grenades. The decoy ships are mainly seized or second-hand Hong Kong fishing boats fitted with sophisticated communications and monitoring equipment and manned by People's Armed Police (PAP) officers.

One Marine Police officer said the PAP had operated these ships in and around Hong Kong waters for some time. "They have a large number of that type of vessel," he said. "And it is not uncommon for them to be used around here."

These vessels are difficult to detect, however, because many of them still carry Hong Kong registration numbers and are used in the same manner as fishing boats. On February 17, a Royal Hong Kong Auxiliary Air Force plane buzzed and video-taped a decoy ship off Hainan Island after it fired on as many as two cargo ships. The former fishing boat was towing a grey coloured speedboat which would be of little use to fishermen.

Earlier this month, a 46-year-old Filipino seaman was shot in the back with an AK-47 rifle when his vessel was raked by men in Chinese military uniforms on board another decoy ship about 11 kilometres off Waglan Island. Hong Kong investigators believe mainland troops are involved in the incidents, although it is not clear if they have been sanctioned by their superiors or are acting independently. China's military is partly self-financed and has been known to have been involved in smuggling and confiscation of goods.

In an incident last November, a Chinese military vessel based in Zhuhai, which is believed to have been operating outside normal regulations and with unauthorised personnel on board, sank after colliding with a cargo

ship. At least six people died in the accident. One of the passengers rescued by Hong Kong Marine Police carried a Macao police identity card, and there were believed to be at least two women on board.

According to one investigator, the latest spate of attacks marks another stage in coastal activity from the Gulf of Tonkin to the East China Sea in which fishing, trading and research vessels have been attacked without provocation. The number of attacks on Russian and Japanese ships by suspected Chinese ships tripled last year.

Mr Eric Ellen, director of International Maritime Bureau, which monitors piracy in the region and has been issuing warnings about the increasing problem for a number of years, said he was baffled by the latest acts of piracy. He said there had been at least 12 such incidents recently in the pirate triangle. They all appeared to involve uniformed men carrying weapons on fishing vessels. "Between Hong Kong, Hainan and Luzon there are many more attacks than reported and none can be explained," he said.

Pro-China Solon Views Upcoming Visit to Beijing
HK2802073593 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 28 Feb 93 p 13

[Article by Allen Lee Peng-fei, convenor of the Cooperative Resources Centre and appointed member of the Legislative Council]

[Text] The Co-operative Resources Centre, as a group of responsible legislators, is embarking on a trip to Beijing tomorrow as part of our effort to help resolve the political impasse between the British and Chinese governments. Our purpose is not only to reflect Hong Kong people's anxiety on the impasse, but to urge the two sides to sit down and negotiate on the future of Hong Kong.

As we stressed during our trip to London in January, we hope the governments can co-operate to promote stability and plan for long-term prosperity. The Sunday Morning Post survey (February 21) has shown an overwhelming majority would like to see the resumption of talks over Hong Kong's political reform. This confirms our belief that negotiations between the two governments are in the interests of all parties involved.

While we welcome the Government's decision to delay the gazetting of the draft bill to show its sincerity to the Chinese Government, we understand it will be up to the leaders of Britain and China to decide whether to go back to the negotiating table.

But, as a political group, we feel we are in a position to express the wishes of Hong Kong people directly to the two countries. As members of the Legislative Council [Legco] and people in public service, we feel we ought to make the most effort to convey that message on behalf of Hong Kong people and to demand both countries do everything they can to resolve this impasse.

We will have the opportunity to see Chinese Premier Mr Li Peng tomorrow and we are going to adopt a sincere and attentive attitude. The aim of this meeting is to get his attention on the Hong Kong issue, as it is important for him to understand the feelings of Hong Kong people.

We will also express in no uncertain terms the problems Hong Kong is facing and the responsibility of the two sides to resolve them. We want to know how they are going to ensure the smooth transition they have promised. The mere fact we have been to London and are going to Beijing reflects our anxiety over this problem. It is up to history to judge whether we can accomplish these aims.

Everyone will agree the sooner talks begin, the better it is for Hong Kong. If talks to resume soon we will welcome them, we believe negotiations should not be confined to political reform and the arrangements for the 1994/95 elections.

The agenda has to be broadened to include issues relating to Hong Kong in transition. For instance, they need to look at the airport issue and the controversy surrounding Container Terminal 9 (CT9). Our experience in the administration of Hong Kong affairs tells us there are many more issues which require co-operation between China and Britain over the next four years.

We cannot stress enough why it is important to talk to China. The relationship between Hong Kong and China goes far beyond our political links, or the concept of "one country two systems". After 1997, Hong Kong will not just be part of China, but also our economy and future prosperity will hinge on developments in China.

Therefore, we feel Hong Kong people cannot continuously harbour resistance towards China. We acknowledge some past policies of the Chinese Communist Party cause people concern. These are genuine worries but we must bear in mind that China has gone through that part of history. As Hong Kong people, we have to look into the future and well beyond 1997. We have to know more about China in order to make the concept of "one country two systems" work.

On the other hand, it is essential to strengthen communications with China to promote understanding of Hong Kong. The Chinese leadership's understanding of Hong Kong is far from sufficient. They need to know the community, the society, the kinds of freedoms we enjoy and all the good things we want to preserve. This can be done by providing more channels of communication between people who take part in politics in Hong Kong and the Chinese leadership.

The Chinese leadership's misconception of the role of the Legislative Council is a good example of this lack of understanding. Despite claims by the Chinese Government that it is only an advisory body, Legco is a law-making body for the territory.

The council is also a form of check and balance for the administration, as its members question the implications of Government policies and scrutinise its funding applications. Judging from its actual functioning, Legco is by no means an advisory body, and the post-1997 legislature should by and large enjoy the same powers as it has now.

It is also a fact that any agreements made by the two governments on political reform must be agreed by the Legislative Council before they can pass into law. Therefore, we would like to urge the Chinese Government to pay heed to the opinions of the council, because it has a role to play in the whole process.

There are many other important items we want to discuss with officials of the State Council's Hong Kong and Macao Affairs Office. For the benefit of Hong Kong's long-term development, we would like to seek clarification from the Chinese side on the issue of the airport and CT9. We are also concerned about the confidence and morale of the civil service. An assurance by the Chinese Government on their future will be the least we can ask for.

It is a coincidence that our visit comes the day after the first meeting of the steering committee for our new party. But we must stress there is no connection between the two events, and the new party has nothing to do with our trip to Beijing.

Work on forming a party has been under way for many months, and the decision to hold our first meeting at the end of February was made long ago, without knowing we would be going to London and Beijing.

We settled on this date after some discussion as we understand Mr Li is busy preparing for the National People's Congress in March, and we appreciate he has found time to talk to us.

Many observers are keen to classify our new party as either pro-Beijing or pro-British. But this subject never came into our minds during the party's preparatory stage. Our party is, we feel, very much a Hong Kong people's party, a party for people who share the same values and philosophy. We are still in the initial stage of forming it, and we need the commitment of those who are interested.

We hope Hong Kong people are clear about our attitude to China. We would like to establish a cordial, trusting and co-operative relationship, and will back our words with actions. We think a confrontational strategy has no place, because it will not be good for Hong Kong.

Our party will stand firmly on the side of Hong Kong and its interests. The members of our steering committee come from different sectors of the community and together represent the interests of Hong Kong. We hope to extend the representativeness as we go along.

We are committed to Hong Kong, and at the end of the day it will be up to Hong Kong people to judge whether we live up to that pledge.

PRC Official Discusses Hong Kong 'Controversy'

OW2802223493 Beijing Radio Beijing in Mandarin to Asia 0900 GMT 28 Feb 93

[Interview with Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office, by Beijing Radio correspondent Zhang Xiuxuan on 26 February; place not given; from the "Report on Current Events" program—recorded]

[Text] [Announcer] Listeners and friends, Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office under the State Council, granted an interview to Zhang Xiuxuan, reporter of the China International Broadcasting Station, on 26 February. Now, please listen to the recording of the interview.

[Zhang] I am a reporter from Radio Beijing. Today I want to interview you on an issue which has been the subject of controversy between the Chinese side and the Hong Kong government. The first question: What is the current focus of controversy between China and the Hong Kong governor with respect to his political reform program?

[Chen] I think this question needs to be clarified. Some people said that the essence of this controversy is whether democracy is to be practiced in Hong Kong. In fact, this is not true. For more than 150 years, there has been no democracy in Hong Kong under the rule of Britain. We hold that it is necessary to develop democracy in Hong Kong, but that this should proceed from the reality in Hong Kong, and that democracy should proceed step by step and in an orderly manner. The Basic Law for the Hong Kong Special Administrative Region [HKSAR], adopted by the National People's Congress [NPC] three years ago, can be described as a law for democracy. For example, it stipulates that, except for national defense and foreign affairs, the HKSAR enjoys a high degree of autonomy, including autonomy in administration, legislation, independent judicature, and final adjudication. In finance, the HKSAR is entirely independent. Special sections and a large numbers of provisions in the basic law stipulate the various rights and freedoms enjoyed by Hong Kong residents. All these can be found in the basic law, which also explicitly stipulates that the legislative council of the HKSAR is to be formed through election. It stipulates in particular that the chief administrator of the HKSAR is to be elected or appointed through consultations by local Hong Kong residents. This means that the chief administrator of the HKSAR will not be dispatched from Beijing. All these things fully embody the principles of "one country, two systems" and that "Hong Kong is to be ruled by the Hong Kong people." There is another provision I would like to mention here. The basic law also explicitly stipulates that the final objective is to have the chief administrator and all

members of the legislative council elected by the local people. Furthermore, the basic law states that if the chief administrator commits an offense of violation of law or a serious dereliction of duty, but refuses to resign, the legislative council, under this circumstance, has the right to impeach the chief administrator. This contrasts strongly with the monopolization of all powers by the Hong Kong governor. Therefore, I say that the essence of the controversy is not a question of democracy. Then, what, after all, is the focus of the controversy? To put it simply, the focus is whether one should act in good faith and whether one should keep one's word. At least in two aspects, Mr. Patten does not act in good faith and does not keep his word. First, he has abandoned the promise for Sino-British consultations and cooperation. As all know, the governments of China and Britain signed the Sino-British Joint Declaration in the spirit of consultation and cooperation, thus solving the Hong Kong issue left by history. The joint declaration stipulates the guiding principle for the relationship between the two countries during Hong Kong's transition period: To ensure the smooth transfer of political power in 1997, the governments of the two countries have agreed to continue discussions in the spirit of friendliness, and also to promote their existing relations of cooperation on the Hong Kong issue, so as to enable the basic law to be implemented effectively. This is very clear, but Mr. Patten unilaterally dished up the so-called program for the political system in Hong Kong, which directly concerns the future of Hong Kong after 1997. Before he announced his program, he did not take the initiative in soliciting the opinion of the Chinese side, and later he refused to consult with us. You see, what is this called, if not perfidy? This is the first point. The second point: The political system put forward by Mr. Patten runs counter to the Sino-British Joint Declaration and does not converge with the basic law mentioned above. Moreover, it also runs counter to the consensus and understanding reached between the two countries through diplomatic channels. Let us take two examples at random. The understanding reached by the foreign ministers of China and Britain was that the number of members of the Hong Kong Legislative Council to be directly elected in 1995 would be 20, but Mr. Patten, ignoring all documents written in black and white, insisted on increasing the number considerably. This is the first example. Let us take another example. The two countries also reached an understanding earlier on the composition and proportion of the Election Committee in 1995, but Mr. Patten, through his so-called political system program, insisted on ignoring the understanding at will. You see, what is this, if not failure to act in good faith and failure to keep one's word. Agreements have to be carried out, and promises have to be kept. This is a norm of international law. Therefore, the focus of our controversy with Mr. Patten is none other than opposing perfidy.

[Zhang] Mr. Chen Ziyang, after listening to what you have just said, I think our compatriots at home and

abroad are very much concerned about the controversy between China and Britain. What are the prospects regarding this controversy?

[Chen] As regards the situation in Hong Kong over the past few months, I am sure people can find out by reading newspapers and listening to broadcasts. The number of people who are opposed to or dissatisfied with Mr. Patten's political reform program is increasing. Even in Britain itself, some people with breadth of vision, particularly industrialists and businessmen, said that they could not agree with Mr. Patten's erroneous act. They demanded that Mr. Patten change over to new ways, cooperate with China, and avoid confronting China. This is a desire expressed recently by more and more people in Hong Kong, as well as in Britain. As this is a fact, we hope that Mr. Patten recognizes the reality and returns to the correct path. Everyone knows that it is the unshirkable duty of the British side to fulfill the terms of the Sino-British Joint Declaration, to converge with the basic law, and to scrupulously abide by the agreements and understanding reached between China and Britain.

[Zhang] Mr. Chen Ziyang, speaking of press circles in the mainland, friends of these press circles all feel that the situation in Hong Kong has changed considerably since Patten became Hong Kong governor. Against this background, what measures will the Chinese Government adopt to ensure Hong Kong's prosperity and stability and the smooth transfer of political power in 1997?

[Chen] This is a very important question. To put it simply, the Chinese Government has always shown solicitude for Hong Kong's stability and prosperity. To this end, it has done all it can. To protect the interests of the people of Hong Kong, we have successfully solved the Hong Kong issue, an issue left over by history, with the creative idea of "one country, two systems." This is known by all already. Therefore, I do not want to go into detail in this area. The HKSAR Basic Law has also codified the principle of "one country, two systems" and the special policies of the Chinese Government toward Hong Kong in the form of law. This is the best guarantee for Hong Kong's long-term stability and prosperity. China's reform, opening to the outside world, and economic construction are advancing by leaps and bounds. I think this is a very important factor for Hong Kong's stability and prosperity. Therefore, we hope to cooperate with the British side on the basis of the joint declaration, but we are well prepared if Mr. Patten refuses to cooperate with us. In short, under any circumstances, we have the determination, the ability, and the capability to practice the principle of "one country, two systems" in Hong Kong; we will do everything possible to maintain Hong Kong's long-term stability and prosperity. Thank you for asking this question.

[Zhang] Development in the mainland is a reliable guarantee for Hong Kong's prosperity and stability. I think this point is accepted by people at home and abroad. But I have another question and I hope Mr.

Chen will disclose some information to our overseas listeners. Do the Chinese and British sides have any new plan to improve their relations in the near future?

[Chen] I have just said that we hope to cooperate with Britain on the Hong Kong issue on the basis of the joint declaration. The Sino-British Joint Declaration has decided on the guiding principle for the relations of the two countries regarding the Hong Kong issue. This is to say that cooperation must be based on this principle. What is the guiding principle? This means that both sides should consult each other and cooperate on the Hong Kong issue. We will not interfere with Hong Kong's day-to-day affairs. This was stated in the joint declaration. It also says that before 1997, administration is the duty of the British side. We will not concern ourselves with this matter, but with respect to some major issues, especially some important matters which directly affect Hong Kong after 1997, both sides should consult each other regarding them. This point is referred to in the joint declaration and through consensus or understanding reached between the two sides. For example, two years ago China and Britain signed a memorandum on the construction of a new airport in Hong Kong. The memorandum also referred to this issue. Therefore, I say the Sino-British Joint Declaration has determined the guiding principle for relations between the two countries regarding Hong Kong, namely, consultation and cooperation. The Chinese Government has consistently and scrupulously abided by the agreements reached between the two sides. We have always scrupulously abided by these agreements, as well as the consensus and understanding reached by the two sides. Now, the main topic of your interviewing me, Miss Zhang, is the political reform program of Mr. Patten. I think with respect to the political system in Hong Kong and the election in 1995, the Chinese side, as early as two years ago, proposed to the British side that both sides should hold consultations regarding this issue. But up to now no consultation has been held regarding this issue. In this sense, the British side owes the Chinese side a debt. I do not know whether the British side has the sincerity to pay the debt. But invariably, the debt will have to be paid.

Column Discusses Hong Kong New Airport Talks

HK2602050393 Beijing JINRI GANGAO in Chinese 1 Feb 93 pp 9-11

["News Focus" column by Yi Si (0122 1835): "The Origin and Development of Hong Kong New Airport Talks"]

[Text] The talks on the construction of Hong Kong's new airport between the Chinese and British Governments have been proceeding intermittently for almost three years with one climax after another and twists and turns but the new airport problem still remains unresolved. What is the reason, after all?

Origin of the Hong Kong New Airport Problem

Hong Kong is an international aviation center and its only airport, Kai Tak, has an extremely high utility rate. During the busy periods, 33 planes land and take off per hour. Its passenger and freight transportation volumes

rank fifth and fourth respectively in the world. Aviation has indeed played quite an important role in promoting Hong Kong's economic leap and social development. However, following its sustained economic development, and because its economic relations with the mainland are becoming closer, the capacity of Kai Tak Airport, located in the harbor reclamation area extending from downtown Kowloon, will soon become saturated.

To maintain Hong Kong's position as an international aviation center and protect its long-term stability and prosperity, Hong Kong needs to build a new airport. This corresponds with Hong Kong's, as well as Chinese and British, interests.

Therefore, the Chinese Government has always supported Hong Kong in building a new, modernized international airport at an early date. As early as the beginning of the eighties, the Chinese side suggested that the British Hong Kong Government make hay while the sun shines but the British Hong Kong Government, adopting the attitude of a "sunset government" unable to do anything, ignored this suggestion. In October 1989, when there were anticommunist and anti-China waves in China and abroad, the British Hong Kong Government, without consulting the Chinese side, abruptly dished out a "Port and Airport Development Strategy" straddling 1997, with an investment of HK\$124.7 billion [Hong Kong dollars] (approximately \$16.28 billion calculated at HK\$7.8 to \$1). The unprecedentedly large, core projects of the new airport include the Chek Lap Kok Airport project (the first runway and its relevant facilities) and its peripheral projects, including the airport expressway and railroad, totaling 10. The new airport is to be located on Chek Lap Kok Island, northwest of Lantau Island—the biggest outlying island in western Hong Kong. Most of the areas for construction of the facilities, totaling 1,240 hectares, will be built on land reclaimed from the sea. An expressway and railroad will lead to the airport, each some 30-km long, utilizing three bridges over the sea and an undersea tunnel linked to Hong Kong Island's downtown area. The Chingma bridge [from Ching Yi to Ma Wan] will be 1,377 meters long, the second longest bridge in the world. Construction costs will be very high because the geological and terrain conditions are complicated. Take the airport railroad and expressway as an example. Their construction costs are HK\$560 million and HK\$850 million per km respectively.

This "development strategy" will surely cause large-scale increases in taxes and charges before 1997 and exhaust the financial reserve accumulated over the years. This will add to the burden on Hong Kong taxpayers before 1997 and cause a serious financial difficulty for the future special administrative regional [SAR] government. Thus, this has evoked strong repercussions in Hong Kong society and China's serious concern.

The British Hong Kong Government did not consult the Chinese side before proposing the "development strategy," nor did it provide the Chinese side with any information for six months after its proposal. But international investors and bankers interested in this huge project highly valued the Chinese side's response, because the project straddles 1997 and investors' returns and debt repayments will be realized after 1997. Without the commitment or approval of the future SAR government, how can one decide something which straddles 1997? As the Hong Kong SAR Government has not been formed, the only government representing its interests is the PRC central government. What is the attitude of the Chinese Government about this project? Up to the period between the summer and autumn of 1990, because the Chinese side had not and could not approve the project, investors in and Hong Kong and abroad could not make any progress and the British Hong Kong Government encountered unexpected difficulties in raising the capital. Thus, the airport plan could not be carried out. At this time, the British side repented and asked the Chinese side to express its stand.

Out of its consistent sincerity to maintain Hong Kong's long-term prosperity and stability, the Chinese side expressed its readiness to consider the British side's demand. At the same time, the Chinese side pointed out that the British side's unilateral decision on post-1997 matters without consulting with the Chinese side was a breach of the Sino-British Joint Declaration, but if the British side should provide the necessary information it would solemnly express its stand after the Chinese side's experts had conducted theoretical proofing, thus lifting the curtain for the new airport talks.

Memorandum of Understanding Concluded During Sino-British Talks

In October 1990 China and Britain began holding talks. Through three rounds of experts' talks, three rounds of direct talks between the Hong Kong and Macao Affairs Office director and the Hong Kong governor, two rounds of work meetings between the Chinese and British Governments, as well as secret talks between the Hong Kong and Macao Affairs Office director and the British prime minister's special envoy, they finally initialed a "Memorandum of Understanding Between the Chinese and British Governments on Hong Kong's New Airport and Relevant Issues" (hereinafter called the memorandum for short) in Beijing on 30 June 1991 on the basis of the Sino-British Joint Declaration, with a spirit of mutual understanding and mutual accommodation. On 3 September of that same year, heads of the two governments formally signed the memorandum, symbolizing that the Chinese and British Governments had entered a new period in their cooperation on the Hong Kong issue. Thus, the memorandum came into force. This was highly valued by Hong Kong and international public opinion in general.

The memorandum determines that the airport core projects should conform with cost effectiveness and

should not become a burden for the future SAR government; in the period before 30 June 1997, the British Hong Kong Government should be responsible for the construction of the 10 airport core projects listed in the memorandum's appendix; and the British Hong Kong Government should leave financial reserves, not less than HK\$25 billion for the SAR government in 1997, and debts straddling 1997 should not exceed HK\$5 billion. In the memorandum, the Chinese Government expresses its support for the construction of Hong Kong's new airport and the principles clarified by the future SAR government according to the memorandum and abides by the duties undertaken or guaranteed by the British Hong Kong Government. The memorandum stresses that the Chinese and British Governments need to consult and cooperate with each other on the Hong Kong issue after the power transfer on 30 June 1997.

British Hong Kong Government Violates the Memorandum and Deliberately Complicates the Issue

After the memorandum came into force, the British Hong Kong Government, logically speaking, should have speedily and comprehensively proceeded with the new airport core program but side issues unexpectedly occurred.

Urged many times by the Chinese side, the British Hong Kong Government, after a six-month delay, provided the Chinese side with what it called the latest information on all new airport financial arrangements: By the Mass Transit Railway Corporation [MTRC] (responsible for new airport railroad construction); by the Provisional Airport Authority [PAA] (responsible for preparing Chek Lap Kok airport construction), and in other documents. Apart from running counter to the memorandum principles, these documents went far beyond a number of regulations set by the memorandum. The British Hong Kong Government's new airport financial arrangements have the following serious problems:

1. An increase by a wide margin in construction costs. The total construction cost for the new airport was estimated at HK\$98.6 billion when the memorandum was signed but this rose to HK\$112.22 billion (calculated according to fixed prices in March 1991, the same applies hereafter; excluding the inflation factor and the HK\$2.5 billion emergency fund, the construction cost will be HK\$175.3 billion on completion of the project), an increase of 13.8 percent. The new airport railway construction cost rose from HK\$12.5 billion to HK\$22.16 billion, an increase of 77 percent.

2. Results are low in some projects. After use until the year 2036, the airport railroad recovery rate, allowing for the inflation factor, will remain below 2 percent. The MTRC, which is responsible for new airport railroad construction, also pointed out that if the recovery rate was below 10 percent, it would be impossible to operate. Because the British Hong Kong Government is only investing HK\$3.7 billion in new airport railroad construction, other construction and operational funds will

come from loans. Therefore, new airport railroad construction will be maintained by repaying old debts with new ones. According to an estimate by Hong Kong professional circles, the accumulated debt for new airport railroad construction will amount to HK\$124 billion in the year 2010 and this figure will tend upward.

3. Huge debts. The British Hong Kong Government provided clandestine indemnity for the PAA and the MTRC in a high interest loan of HK\$42.4 billion (the construction cost on completion will be HK\$73 billion, of which the interest and capital raising charges will be HK\$13 billion). But the British Hong Kong Government is the only shareholder in these two organizations and the repayment period will go beyond 1997. These debts will actually add to the burden on the SAR government.

4. Callable equity. When there is a delay in PAA and MTRC projects, when the construction cost rises, and when income is lower than forecast and inflation is high, the government will inject capital of HK\$22.5 billion into these two organizations. This situation may occur around 1997. By then, this fund will become an actual debt most of which will be taken care of by the SAR government.

5. For several years after 1997, the SAR government should forsake tens of billions of Hong Kong dollars in dividends and other incomes submitted by the two organizations.

6. The SAR government should undertake all risks and responsibilities for delays in the projects for these two organizations.

Because these financial arrangements seriously violate the memorandum, investors could not go a step further and the British Hong Kong Government could not raise funds. As a result, it once again preemptively urged the Chinese side to express its agreement, otherwise it would blame the Chinese side if the projects were delayed.

As soon as these financial arrangements were announced, they were immediately questioned and criticized by people in various circles in Hong Kong, who accused the British Hong Kong Government of playing number games and of being irresponsible. They were worried about the recurrence of large-scale overspending by the British Hong Kong Government in many projects in recent years. They exposed this by saying that some British consultant companies purposely raised the new airport design and construction standards to earn high profits. The continuous increase in the new airport construction costs will become a "bottomless pit" into which Hong Kong people's wealth will fall. People in Hong Kong's various circles and the New Airport Advisory Committee asked the British Hong Kong Government to increase the transparency of new airport construction and to strictly control expenditure. They also raised many constructive opinions and suggestions.

Thus, China and Britain reopened talks focusing on whether or not the new airport financial arrangements were feasible.

Reopened Talks Come to a Deadlock

After submitting the program on the new airport financial arrangements to the Chinese side, the British side expressed its willingness to hold closed-door discussions on any opinions and suggestions the Chinese side would make; on the other hand, it impatiently roused public opinion in Beijing, Hong Kong, and London urging the Chinese side to express its stand. Taking a highly responsible attitude toward Hong Kong citizens and the future SAR government, the Chinese side was quite cautious about the British Hong Kong Government's financial arrangements. After serious study, it made an initial appraisal of the British Hong Kong Government's financial arrangements during an informal meeting of the Sino-British Airport Committee on 20 May 1992. The Chinese side pointed out that the British side should, hopefully, resolve the principles and provisions of the program which did not conform with the memorandum. However, the British side turned a deaf ear to this.

In the second half of May, authorized by the British prime minister and foreign minister, the British side suggested high-level talks between David Wilson, then Hong Kong governor, and Lu Ping, director of the Hong Kong and Macao Affairs Office, over the heads of the Airport Committee, adding that if no agreement was reached soon, this would ruin investors' confidence and Sino-British relations. The Chinese side indicated that the Airport Committee, established according to memorandum provisions, was the best channel for resolving problems but, to arrive at an early solution to the new airport problem, the Chinese side would consider high-level talks.

From 3 to 6 July, Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office, held three-day high-level talks in Beijing with John Coles, personal emissary of the prime minister and assistant in the Foreign Office. The British side said that it had brought along a confidential "new proposal" with callable equity and that the Chinese side should accept all of the new financial arrangements. The British side threatened that if the reclamation project for the airport platform was delayed because the funding was not ratified by the Legislative Council in the latter half of July, this problem might cause a continuous increase in airport construction costs and a delay in its completion, thus adding to the burden on the SAR government. The British side said it would not undertake responsibility for the consequences arising therefrom. The Chinese side indicated its unreadiness to accept these preconditions and reiterated its overall concern over the airport cost effectiveness, debts, callable equity, and use of SAR government earnings. To further express its sincerity, the Chinese side did not hold different opinions on the funding of the reclamation project for the airport platform according to legal provisions, so that this project would not be

delayed, although the Chinese side found it impossible to support the British side's entire program. The Chinese side seriously asked the British side to undertake its responsibility according to the memorandum and to propose, as soon as possible, Hong Kong new airport financial arrangements which were cost effective, so that the airport project could start earlier and be completed on schedule; if the British side refused the Chinese side's proposal, and if this caused a delay in the airport project, the responsibility would not rest with the Chinese side. The British side did not present the so-called "new proposal" even at the end of the talks, nor did it make any allowance for the problems over which the Chinese side was concerned; it even went so far as to ignore the Chinese side's detailed proposals. No substantial progress was made in the talks.

Subsequently, at the two Airport Committee meetings in Hong Kong, on 16 and 30 July, and at an international seminar on 17 July, the British side made it clear that a separate fund allocation for the airport platform reclamation contract was "dangerous" before the Chinese and British sides reached an overall agreement on the entire financial arrangements by the PAA and for the airport railroad. It bluntly refused the Chinese side's proposals.

In mid-July, a high-level official from the British Hong Kong Government unilaterally disclosed the contents of high-level Sino-British talks, violating diplomatic practice. He intentionally distorted the Chinese side's position and was unreasonably critical. This equated to issuing an "ultimatum." Although the Chinese side had never favored "megaphone diplomacy," this time it had no alternative but to make the necessary response to the British side's arrogance by clarifying for the media the truth about the British side's intention to delay the airport project. It explained China's principled stand of upholding the memorandum and protecting Hong Kong people's interests before and after 1997 and this approach of reasoning things by presenting facts was generally understood and supported by Hong Kong public opinion.

Even so, taking account of the airport project's urgency, the Chinese side was still looking for ways to break the deadlock. In the first half of September, the Chinese side raised a new proposal with the following main contents: 1) The British Hong Kong Government must increase its investment in the airport railroad construction to reduce debts and remove callable equity so that debts can be basically repaid by 2010 using earnings from the airport railroad construction. This investment can be derived from British Hong Kong Government earnings from selling the land along the airport railroad or allocated from current British Hong Kong Government's financial reserves. According to a conservative estimate by the British Hong Kong Government, the financial reserves could amount to HK\$71.6 billion in 1997, whereas the memorandum only stipulates that financial reserves of not less than HK\$25 billion should be left for the SAR government. Therefore, there should be no difficulty in

allocating this fund from the financial reserves. 2) Accounting for the airport railroad construction should be separate from MTRC accounting, which contracts for airport railroad construction, to show the airport railroad construction's cost effectiveness. 3) Earnest efforts should be made to reduce airport railroad construction costs and to strictly control expenditure. The Chinese side also expressed its nonobjection to applying for necessary and reasonable loans for some airport projects with good results. Hong Kong public opinion pointed out that the Chinese side's proposals helped the airport talks turn for the better.

However, Chris Patten, the new Hong Kong governor, has no sense of responsibility for Hong Kong's long-term prosperity and stability and has no sincerity for promoting the new airport talks. Instead, he has gone so far as to urge the Chinese side to invest the other half of income earned in the land fund from land sales along the airport railroad. At the same time he strongly asserted that the airport construction costs "have been reduced and cannot be reduced further" and "no commitment can be given on the upper limit of airport construction costs," pushing the talks into a blind alley again.

Chris Patten openly said that he had become "impatient" over the airport talks and asserted, unblushingly, that with the new airport "the SAR government will receive the biggest dowry since Cleopatra." He even asserted that the British Hong Kong Government would proceed unilaterally with the new airport construction, any uncompleted projects being left to the SAR government in 1997. This loose talk by Chris Patten was, of course, severely criticized by people in Hong Kong's various circles, who pointed out that the new airport is being built with Hong Kong taxpayers' money and that it is British firms which are netting big profits from airport construction. How could this become a gift from Britain to the SAR government?! People in Hong Kong's various circles strongly demanded that the Chinese side "should not sign a blank check."

In mid-October, the Chinese side refused the British "counterproposal," pointing out that as the British Hong Kong Government has huge reserves, there was no reason to use the land fund; one-time approval of large areas of land could seriously impact on the balance between supply and demand in the real estate market and thus ruin the healthy development of Hong Kong economy.

Cooperation or Confrontation

On 7 October, Chris Patten dished out a "constitutional reform package" in his first policy report, challenging Sino-British relations. In the latter half of October, Chris Patten visited Beijing, still persisting in confronting the Chinese side politically and economically. As a result, he returned empty handed.

In early November, Chris Patten contradicted himself and said that he "agreed" with the Chinese side's July proposal on not holding different opinions on the fund

allocation by the British Hong Kong Government for the airport platform project. His purpose was first, to extract more wealth from Hong Kong before withdrawing and second, to make up his mind to abandon the memorandum and unilaterally start with the new airport construction regardless of how much can be completed, with the idea of leaving "half of it" for the SAR government to clear up. On this, the Chinese side pointed out that because the British side had formally rejected the Chinese side's proposal and the subsequent situation had changed much, its July proposal had lost its original meaning. If Chris Patten acted wantonly, this could make the project a serious waste and would, unquestionably, recklessly exhaust Hong Kong taxpayers' money. But Chris Patten was bent on having his own way and disregarded repeated objections by the Chinese side and Hong Kong public opinion. Playing tricks beforehand and mixing hard and soft tactics with Legislative Councilors, he manipulated the Legislative Council's Finance Committee into approving, by a small majority, fund allocation for the airport platform project on 27 November along with ratification of the project contract. This proved that Chris Patten had intentionally abandoned the memorandum. The Chinese side solemnly reiterated that after 30 June 1997, the SAR government will absolutely not undertake any responsibility or duty arising therefrom and that the one who abandoned the memorandum should explain all the consequences to Hong Kong citizens.

Summing all this up, our readers will understand that the Chinese side has consistently held a stand of supporting Hong Kong in building a new, modernized airport which conforms with cost effectiveness. The Chinese side has always hoped that the British Hong Kong Government would act according to its ability, that it should not lay a heavy economic burden on Hong Kong citizens, and that it should seriously listen to the opinions and suggestions of people in Hong Kong's various social circles and respect Hong Kong taxpayers' right to know the situation and to speak. In the entire process of talks on Hong Kong's new airport financial arrangements, the Chinese side, basing itself on the major principles of the Sino-British Joint Declaration and the memorandum, has always taken account of Sino-British cooperation; adopted a sincere, down-to-earth, and flexible stand; and has been aboveboard and reasonable. The Chinese Government has no private gain to pursue on the question of Hong Kong's new airport but it will not engage in any political deal with the British side on this question (contrary to this, the British Hong Kong Government always has a prejudice for the interests of British corporations; most of the contracts for airport design and consultancy, as well as most of project contracts, have been provided for corporations with a British background).

The Chinese Government has already made the greatest efforts for an early agreement with the British side.

Defying world opinion, Chris Patten has abandoned the Joint Declaration and the memorandum and wantonly confronts the Chinese Government, causing a big retrogression in the 10-year Sino-British cooperative relations on the Hong Kong issue. This is the fundamental reason

why the airport problem still remains unresolved. The Chinese side is extremely unwilling to see the development of these actions.

To maintain Hong Kong as an international aviation center and preserve its economic prosperity and social stability, in the course of making good preparations to deal with British Hong Kong Government confrontation, the Chinese side is also waiting for the British side to rein in on the brink of the precipice, to return to the orbit of the Joint Declaration and the memorandum, and to honestly resolve problems at the negotiating table.

Budget Deficits To Increase in Run-Up to 1997

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[By Fanny Wong]

[Text] Hong Kong is heading for a period of high budget deficits in the remaining years of British rule, brought on by heavy investment to improve the quality of living. Despite massive additional expenditure in social programmes in the 1993-94 year, the Financial Secretary Mr Hamish MacLeod is unlikely to embark on any major tax raising initiatives because of consistently high surpluses in past years. The Government is expected to draw heavily on its reserves until the handover to China in 1997, particularly when Mr MacLeod has to fulfil promises, such as boosting personal tax allowances this year.

Next Wednesday's [3 March] budget is likely to be the first deficit budget since Sir John Bremridge's plan for a \$1 billion shortfall in 1985/86, even though final figures in 1986 produced a surplus. Mr MacLeod last year calculated that, without any new tax initiatives, Hong Kong could expect to accumulate a total deficit of close to 428 billion over the next four years. The Government believed these projections were largely still intact, as very few major revenue measures would come into play in the 1993-94 year.

The windfall surplus for last year, expected to exceed \$20 billion when final figures are tallied in the summer, is understood to have made it difficult for Mr MacLeod to propose any new revenue measures, except for inflationary adjustments to fees and charges such as duties on tobacco and alcohol. In the past two years, a total of \$24 billion in surpluses has been accumulated. Despite the likelihood of deficits in coming years, it is expected Hong Kong's fiscal reserves will stay close to \$70 billion by mid-1997, based on current projections.

The latest financial blueprint is set to alarm Beijing, with mainland officials constantly suspicious of any British attempt to try to milk Hong Kong's accumulated wealth before pulling out of the territory in 1997. It is understood that, in putting together the budget, the Government's financial team has taken Beijing's view into account. But the Government also noted Beijing's earlier suggestion that China had only asked the Government to

leave \$25 billion in the kitty as stipulated in the Memorandum of Understanding on the new airport projects, an amount much smaller than the current projected level of reserves for 1997.

Mainland officials have also repeatedly suggested that, to improve the financing arrangements for the controversial airport and associated railway projects, the Government can use the reserves to help eliminate the need for providing callable equity to the Mass Transit Railway Corporation and the Provisional Airport Authority.

A need for drawing on the reserves is mainly prompted by Mr Macleod's pledge for tax concessions, including raising the level of personal allowances and revising the

tax bands. Another reason is the promises made by the Governor, Mr Chris Patten, in his October 7 policy speech to heavily invest in social programmes to improve the quality of life.

In his second budget speech, Mr Macleod is expected to announce heavy investments in social services, environmental protection projects, a sandwich class housing scheme and the multi-billion-dollar airport core projects. Total capital expenditure is expected to surge by more than 50 percent in the 1993-94 financial year, from the \$20.6 billion planned for the current year to \$31.4 billion in 1993-94. Heavy investments will also be made in the Capital Investment Fund, with total payments in the fund to top \$19.7 billion, up by \$13.6 billion or 225 percent.

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